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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 555

RIVER BRAND RICE MILLS, INC., *Petitioner*,

v.

GENERAL FOODS CORPORATION, *Respondent*.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

MARCUS B. FINNEGAN
1000 Connecticut Avenue
Washington, D. C. 20036
Attorney for Petitioner

Of Counsel:

WILLIAM W. BECKETT
IRONS, BIRCH, SWINDLER & MCKIE
1000 Connecticut Avenue
Washington, D. C. 20036

MORGAN, FINNEGAN, DURHAM & PINE
80 Pine Street
New York, N. Y. 10005

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No.

RIVER BRAND RICE MILLS, INC., *Petitioner,*

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GENERAL FOODS CORPORATION, *Respondent.*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Petitioner River Brand Rice Mills, Inc. prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit entered in the above-entitled case on July 10, 1964.

OPINIONS BELOW

The oral opinion of the United States District Court for the Southern District of Texas (R. 49-50) is unreported and is printed in Appendix B, *infra* at 20a. The order of the District Court (R. 52-53) is printed in Appendix B, *infra* at 21a. The opinion of the Court of Appeals is reported at 334 F.2d 770, 142 U.S.P.Q. 185 (5th Cir. 1964) and is printed in Appendix B, *infra* at 22a.

JURISDICTION

The judgment of the Court of Appeals for the Fifth Circuit was entered on July 10, 1964 and is printed in Appendix B, *infra* at 28a.

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

The questions presented are:

1. Should 28 U.S.C. § 1338(b), which permits joinder of *federal* patent, trademark or copyright claims and "related" nonfederal unfair competition claims, be construed:

> (a) *strictly* as in the Sixth, Seventh and Eighth Circuits to codify without change the pre-existing uniform rule of this Court and the lower federal courts limiting such joinder to nonfederal claims that state merely a separate ground in support of the federal cause of action and arise out of substantially the same facts; or
>
> (b) *broadly* as in the Second, Fifth and Ninth Circuits to change the pre-existing rule to require as the *sole* prerequisite for such joinder that only a part of the proof in support of one claim need be common to the other without regard to whether the two claims are part of the same cause of action?

2. Can a state cause of action for misappropriation of trade secrets be "related" under 28 U.S.C. § 1338(b) to a federal cause of action for patent infringement when the "patented" and "secret" subject matter are necessarily different because the alleged misappropria-

tion occurred *after* issuance of the patents had destroyed any secrecy in the patented subject matter?

3. Do the limitations on federal jurisdiction set forth in Article III, Section 2 of the Constitution require adoption of the first alternative of question 1 and a negative answer to question 2?

CONSTITUTION AND STATUTE INVOLVED

Article III, Section 2, Clause 1 of the Constitution is involved. It reads as follows:

> "Section 2. The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority;—to all Cases affecting Ambassadors, other public Ministers and Consuls;—to all Cases of admiralty and maritime Jurisdiction;—to Controversies to which the United States shall be a Party;—to Controversies between two or more States;—between a State and Citizens of another State;—between Citizens of different States;—between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects."

The statute involved is 28 U.S.C. § 1338(b). It reads as follows:

> "(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws."[1]

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[1] June 25, 1948, c. 646, 62 Stat. 931.

STATEMENT OF THE CASE

Respondent General Foods Corporation filed its original complaint in this case on November 13, 1962 (R. 6-8) alleging infringement of four patents relating to quick-cooking rice (R. 55-69).

Later respondent filed an amended complaint alleging as a "First Cause of Action" the patent infringement claim of the original complaint (R. 18-19).

As a "Second Cause of Action," the amended complaint also alleged misappropriation of certain trade secrets (R. 19-23). Paragraph 13 of the amended complaint summarized the subject matter of this latter "cause of action" as follows (R. 20-21):

> ". . . plaintiff also acquired much additional *unpatented* valuable and *proprietary information* relating to the production of quick-cooking rice and including *manufacturing techniques, manufacturing equipment, quality control procedures, marketing data, product specifications,* and other related confidential and proprietary information to which plaintiff is exclusively entitled and which plaintiff has preserved and continues to preserve *in confidence.*"[2]

There is no diversity between petitioner and respondent (R. 6-7, 18).

Federal jurisdiction over the first cause of action for patent infringement was alleged under 28 U.S.C. § 1338 (a) and is admitted (R. 17). Federal jurisdiction over the second cause of action for trade secret misappropriation was alleged under 28 U.S.C. § 1338(b) (R. 17). Such jurisdiction is denied by petitioner and forms the basis for the questions presented by this petition.

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[2] Unless otherwise stated, all emphasis in this petition is supplied.

The amended complaint asserts that misappropriation of the trade secrets occurred through petitioner's hiring of one Lawrence Lynn, a former employee of respondent (R. 21-23). But Lynn did not leave respondent's employ until almost three years *after* the most recent of the four patents in suit had issued.[3]

There is thus no allegation that any trade secrets were misappropriated until long after the subject matter of the patents was publicly disclosed by their issuance. "Secrets" could not thereafter reside in the patented subject matter but only in areas outside the patents. Respondent's claim for trade secret misappropriation, therefore, necessarily sets forth a *different* cause of action based on *different* subject matter and *different* facts from its claim for patent infringement.[4]

Petitioner moved to dismiss the trade secret claim on the ground that 28 U.S.C. § 1338(b) does not sanction joinder in a federal court of such unrelated causes. The District Court denied the Motion but stated that its order "involves a controlling question of law as to which there is substantial ground for difference of opinion."[5]

Because of the controversial question of law involved, the Court of Appeals for the Fifth Circuit granted an interlocutory appeal under 28 U.S.C. § 1292

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[3] The most recent of the patents issued in March 1958 (R. 67). Lynn did not terminate his employment with respondent until February 1961—almost three years later (R. 21). Lynn was not employed by petitioner until May 1961. Breach of confidence is in part predicated on an "Employment Agreement" between Lynn and respondent signed by Lynn on June 27, 1960 (R. 21-23, 25-26) —over two years after the last patent issued.

[4] See *infra* at 15-16.

[5] App. B, *infra* at 21a; R. 52.

(b) and later affirmed the District Court. In its decision the Court of Appeals expressly recognized that petitioner's motion involves a construction of § 1338(b) as to which the courts of appeals for the several circuits are in deep and widespread conflict. The construction adopted for the Fifth Circuit is the so-called "broad" view [6] like that of the Second and Ninth Circuits and is opposed to the "strict" view [7] of the Sixth, Seventh and Eighth Circuits.

REASONS FOR GRANTING THE WRIT

1. To Resolve the Conflict Between the Courts of Appeals of the Several Circuits as to the Proper Construction of 28 U.S.C. § 1338(b).

Section 1338(b) is a codification of the judicial doctrine of "pendent" jurisdiction.[8] A brief review of the development of such doctrine facilitates an understanding of the conflict between the circuits as to the proper construction of the statute.

Federal jurisdiction is restricted by the Constitution, Article III, Section 2. It is axiomatic that in the absence of diversity a federal court can consider only causes of action arising under federal law, and Congress has no authority to expand that jurisdiction.[9] A state claim can be joined only if it is "pendent" from a federal cause of action.

In an exhaustive opinion, this Court held that for such pendency to exist consistent with constitutional

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[6] Question 1(b), *supra* at 2.

[7] Question 1(a), *supra* at 2.

[8] The statute is limited to joinder of nonfederal unfair competition claims with federal patent, trademark or copyright claims. The judicial doctrine extends to all types of actions. *Hurn* v. *Oursler*, 289 U.S. 238 (1933).

[9] Glidden Co. v. Zdanok, 370 U.S. 530 (1962).

restrictions, the two claims must be no more than different grounds in support of a single cause of action. *Hurn* v. *Oursler,* 289 U.S. 238 (1933). The *Hurn* decision is permeated with emphatic statements that a strict test must be applied and that any substantive variation between the federal and nonfederal claims negates jurisdiction over the latter.

Specifically, in *Hurn* this Court said at 245-7:

> "But the rule does not go so far as to permit a federal court to assume jurisdiction of a separate and distinct non-federal cause of action because it is joined in the same complaint with a federal cause of action. The distinction to be observed is between a case where two distinct grounds in support of a single cause of action are alleged, one only of which presents a federal question, and a case where two separate and distinct causes of action are alleged, one only of which is federal in character. In the former, where the federal question averred is not plainly wanting in substance, the federal court, even though the federal ground be not established, may nevertheless retain and dispose of the case upon the non-federal *ground*;[10] in the latter it may not do so upon the non-federal *cause of action.*[11]
>
> * * * * * * * * *
>
> "We do not mean by what has just been said to lay down a hard and fast test by which to determine in all situations what constitutes a cause of action. 'A "cause of action" may mean one thing for one purpose and something different for another,' United States v. Memphis Cotton Oil Co. 288 U.S. 62, ante, 619, 53 S.Ct. 278, decided January 9, 1933; but for the purpose of determining the bounds between state and federal jurisdiction, the meaning should be kept within the limits indi-

[10] Emphasis by the Court.

[11] Emphasis by the Court.

cated. Compare Baltimore & O.S.W.R. Co. v. Carroll, 280 U.S. 491, 494, 495, 74 L.ed. 566, 574, 575, 50 S.Ct. 182, and cases cited."

In *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U.S. 315 (1938), this Court amplified the single cause of action test by expressly stating what was implicit in *Hurn*—that the nonfederal pendent claim must rest on "substantially the same facts" as the federal claim.[11a]

Following *Hurn* and *Armstrong*, the "pendent jurisdiction" decisions of the lower federal courts prior to enactment in 1948 of 28 U.S.C. § 1338(b), *without exception*, applied the "strict" test enunciated in those cases. They required the state claim to be merely another ground in support of the federal cause of action and to arise out of substantially the same facts.[12]

[11a] 305 U.S. 315 at 325.

[12] Pertinent appellate cases include:

In the *Second Circuit:* Lewis v. Vendome Bags, Inc., 108 F. 2d 16 (2d Cir. 1939); Musher Foundation v. Alba Trading Co., 127 F. 2d 9 (2d Cir. 1942); Zalkind v. Scheinman, 139 F. 2d 895 (2d Cir. 1943); Derman v. Stor-Aid, Inc., 141 F. 2d 580 (2d Cir. 1944).

In the *Fifth Circuit:* Newport Industries v. Crosby Naval Stores, 139 F. 2d 611 (5th Cir. 1944).

In the *Sixth Circuit:* Hemmeter Cigar Co. v. Congress Cigar Co., 118 F. 2d 64 (6th Cir. 1941).

In the *Seventh Circuit:* Sinko v. Snow-Craggs Corp., 105 F. 2d 450 (7th Cir. 1939).

In the *Eighth Circuit:* Hanson v. Triangle Publications, 163 F. 2d 74 (8th Cir. 1947).

Pre-§ 1338(b) District Court cases in accord include: Bulova Watch Co. v. Stolzberg, 69 F. Supp. 543 (D. Mass. 1947); Keyes Fibre Co. v. Chaplin Corp., 76 F. Supp. 981 (D. Me. 1947); McDonald v. Cape Cod Trawling Corp., 71 F. Supp. 888 (D. Mass. 1947); Anchor Hocking Glass Corp. v. White Cap Co., 47 F. Supp. 451 (D. Del. 1942); Fred Benioff Co. v. Benioff, 55 F. Supp. 393 (N.D. Cal. 1944).

For example, in *Musher Foundation* v. *Alba Trading* Co., 127 F.2d 9 (2d Cir. 1942), the view of the law which prevailed during the 1933 to 1948 time period was stated in the majority opinion as follows at 9-10:

> "As we understand the decision in Hurn v. Oursler, 289 U.S. 238, 53 S.Ct. 586, 77 L.Ed. 1148, the Supreme Court there held that a non-federal claim, over which the United States Court had no jurisdiction because of an absence of diverse citizenship, might be joined with a federal claim if the non-federal count differed from the federal count only because it asserted *a different ground for recovery upon substantially the same state of facts.* Justice Sutherland treated the two counts in that case as stating separate grounds for recovering upon what he characterized as but a single cause of action. Justice Reed reiterated the same theory in Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 59 S.Ct. 191, 83 L.Ed. 195, in an opinion in which all the Justices seem to have concurred."

In that context 28 U.S.C. § 1338(b) was enacted in 1948. With economy of words the statute requires the nonfederal claim to be "substantial and *related*" to the federal claim. Congressional intent as to the construction of the statute was expressed in the Reviser's Note as follows:

> "Subsection (b) is added and is intended to avoid 'piecemeal' litigation to enforce common-law and statutory copyright, patent, and trade-mark rights by specifically permitting such enforcement in a single civil action in the district court. While *this is the rule under Federal decisions, this section would enact it as statutory authority.* The problem is discussed at length in Hurn v. Oursler, 1933, 53 S.Ct. 586, 289 U.S. 238, 77 L.Ed. 1148, and in Musher Foundation v. Alba Trading Co.,

C.C.A. 1942, 127 F.2d 9, majority and dissenting opinions."[13]

Great difficulty has arisen in the construction of the term "related" in the statute. The courts of appeals of the several circuits are in hopeless disagreement. Their decisions are split into two diametrically opposed groups.[14]

The first group applies a so-called "strict" construction. The cases that fall into this group are enumerated in Appendix A, *infra* at 12a-14a. The principal cases are discussed in detail in Appendix A at 1a-4a.

Essentially, these cases hold that the statute merely codified the pre-existing rule of this Court and the lower federal courts. They thus still require the nonfederal claim to be but another ground in support of the federal cause of action and to arise out of substantially the same facts.

The second group of court of appeals decisions applies a so-called "broad" construction. These cases are listed in Appendix A, *infra* at 14a-16a. The principal decisions are discussed in detail in Appendix A at 4a-9a.

As expressed by the Ninth Circuit and repeated by the court below, the "broad" view goes so far as to permit joinder of a nonfederal with a federal claim,

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[13] H. Rep. 308, 80th Cong., 1st Sess. The Reviser's Note which was included in the Committee Report is reproduced immediately following Section 1338(b) in 28 U.S.C.A.

[14] Both groups of cases, together with representative cases considering 28 U.S.C. § 1338(b) but not unequivocally adopting either of the two opposed views, are listed and discussed in Appendix A, *infra* Sections I and II.

if only a "part of the proof in support of one claim be common to the other."[15] In effect these cases hold that the statute did not merely codify the pre-existing judicial rule but changed that rule to apply a much more lenient test for federal jurisdiction over state causes of action.

In this case, the court below acknowledged the conflict in the other circuits as follows:

> "The disagreement herein stems from the difference between the parties as to the reach of Section 1338(b), and to what extent, if any, it has liberalized the pendent jurisdiction rule spelled out in *Hurn* v. *Oursler*, 289 U.S. 238, 53 S.Ct. 586, 77 L.Ed. 1148.
>
> "In *Hurn* the court said that its rule of pendent jurisdiction did 'not go so far as to permit a federal court to assume jurisdiction of a *separate and distinct*[16] non-federal cause of action because it [was] joined in the same complaint with a federal cause of action.'
>
> "In *Royal Lace Paper Works* v. *Pest-Guard Products*, 240 F.2d 814, this Court observed that *Hurn* was codified in Section 1338(b). But does Section 1338(b) do more than merely codify *Hurn*?
>
> "The answer is not found solely in the definition of the word 'related' as employed in Section 1338 (b) but in the harmonizing of the legislative objective of the statute with the rule announced in *Hurn* in a manner that will accord recognition to the objective without contravening the rule. The answer is not an easy one.

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[15] App. B, *infra* at 26a, n. 7; 334 F. 2d 770, 773, n. 7 (5th Cir. 1964).

[16] Emphasis by Court below.

> "The attempt on the one hand to precisely equate the 'related' claim of Section 1338(b) with the rule in *Hurn* and on the other hand to read into the former an enlargement of the rule has led to the adoption of what Professor Moore refers to as the narrower and broader views of 'related'. . . ."[17]

In adopting the "broad" construction of the statute, the court said:

> "The authorities sustaining the more liberal construction in order to facilitate joinder and avoid piecemeal litigation appear to more nearly meet both the objective of the statute and the rule in *Hurn* than do those applying the narrower view of the word 'related'. The former view does not in our opinion run counter to the rule in *Hurn* and commends itself to us as being the correct view."[18]

Further, the court quoted approvingly from several of the "broad" group of cases, including the following:

> "In *Wham-O-Mfg. Co.* v. *Paradise Manufacturing Co.*, 327 F.2d 748 (decided January 31, 1964), the Ninth Circuit stated that: 'The term "related" refers to probative facts; it means that part of the proof in support of one claim be common to the other.' "[19]

The widespread nature of the conflict is apparent from the fact that the "strict" test has been applied in some forty-five (45) cases,[20] including decisions of

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[17] App. B, *infra* at 23a-25a; 334 F. 2d 770, 771-2 (5th Cir. 1964).

[18] App. B, *infra* at 26a; 334 F. 2d 770, 773.

[19] App. B, *infra* at 26a, n. 7; 334 F. 2d 770, 773, n. 7.

[20] App. A, *infra* Section IIA at 12a-14a.

the Courts of Appeals for the Sixth, Seventh, and Eighth Circuits. The "broad" test has been applied in thirty-two (32) cases,[21] including decisions of the Courts of Appeals for the Second, Ninth, and now the Fifth, Circuits. In addition, there are a great many additional cases[22] that involve a construction of Section 1338(b) but which do not unequivocally adopt either the "strict" or the "broad" test. The cases are listed and the principal ones discussed in detail in Appendix A, *infra*.

This Court has never construed Section 1338(b).[23]

The need for resolution of the conflict by this Court far transcends this particular case. If unresolved, the conflict will continue to encourage flagrant forum shopping. Litigants naturally attempt to present their claims in jurisdictions in which the law is favorable to them. The situation today is strikingly similar to that which prompted this Court to grant certiorari in *Hurn* v. *Oursler*, 289 U.S. 238, 240-41 (1933), where it said:

> "A multitude of cases in the lower federal courts have dealt with the question [the scope of pendent jurisdiction over unfair competition claims] in its various phases and have reached different conclusions. The opinions present a great variety of views and of differences. . . . A few out of many are mentioned in the footnote as illustrative of the

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[21] App. A, *infra* Section IIB at 14a-16a.

[22] Fifty-one (51) representative cases are listed in Appendix A, *infra* Section IIC at 16a-19a.

[23] Certiorari was denied, 371 U.S. 911 (1962), in Pursche v. Atlas Scraper and Engineering Co., 300 F. 2d 467 (9th Cir. 1961). Since such denial, the conflict in the circuits has become wider and more intensified.

> confusion and as indicating the *importance of attempting to formulate some rule* on the subject."

After *Hurn*, and later *Armstrong*, and until the enactment of Section 1338(b), there was no further confusion. The federal courts uniformly applied the clearly defined test of those cases. This Court should now clarify the codified doctrine of pendent jurisdiction under 28 U.S.C. § 1338(b) just as in *Hurn* and *Armstrong* it clarified the earlier judicial doctrine.

2. To Ensure That Pendent Jurisdiction Under 28 U.S.C. § 1338 (b) Is Confined Within the Limits Defined by the Constitution.

Those decisions, including the opinion below, which have adopted the "broad" view of jurisdiction under Section 1338(b) pose a serious constitutional question, since "Authority for the Federal Government to decide questions of state law exists *only* by virtue of the Diversity Clause in Article 3." *Glidden Co.* v. *Zdanok*, 370 U.S. 530, 537-8 (1962).

The constitutional limits controlling pendent jurisdiction established by this Court in *Hurn* and *Armstrong* are equally applicable before and after enactment of Section 1338(b). The statute may not exceed those limits. In the absence of diversity, a state question can be considered under Section 1338(b) only if it is *inseparable* from the *federal* cause of action that provides the basis for federal jurisdiction.

The courts adopting the "broad" view that only a remote connection between state and federal causes is sufficient have almost uniformly ignored the paramount constitutional issue. The single exception is the passing reference by the Second Circuit in a footnote in *Nikanor* v. *Simon & Schuster, Inc.*, 246 F. 2d 501, 505.

n. 2 (2d Cir. 1957), where the court paid lip service to the "possible Constitutional overtones" of its decision and cited 70 Harv. L. Rev. 1469 (1957).

The oversight is scarcely understandable, since the Constitution so undeniably defines the limits beyond which the scope of pendent federal jurisdiction under the statute cannot extend.

3. To Resolve the Conflict Between (a) the Decision Below, Which Accepted Pendent Jurisdiction Over a Nonfederal Unfair Competition Claim Involving Substantially Different Facts and Constituting a Cause of Action Separate and Distinct From the Federal Claim for Patent Infringement With Which It Is Joined, and (b) the Decision of This Court in Hurn v. Oursler, 289 U.S. 238 (1933), Which Held That the Constitution Forecloses Pendent Jurisdiction in Such Cases.

The court below gave lip service to the *Hurn* rule which it recognized does "not go so far as to permit a federal court to assume jurisdiction over a *separate and distinct* non-federal cause of action."[24] But it expressly ignored the controlling precedent compelling the conclusion that the cause of action for trade secret misappropriation in this case necessarily is *"separate and distinct"* from the patent infringement claim.

Included in the authorities ignored below is the express ruling of the Texas Supreme Court in *Hyde Corp.* v. *Huffines,* 158 Tex. 566, 314 S.W.2d 763, 770, 773, *cert. denied,* 358 U.S. 878 (1958), that:

> ". . . Trade secrets as distinguished from patents are subject to protection under the equitable jurisdiction of the state courts.
>
> * * * * * * * * *

[24] App. B, *infra* at 24a; 334 F. 2d 770, 772; emphasis by court below.

"... [T]he equitable remedy of injunction to prevent one person from damaging another through an abuse of confidence in wrongfully appropriating trade secrets is a *separate remedy* and incident to a *different right* than that secured by a patent ...."[25]

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[25] The necessary dichotomy between a cause of action for trade secret misappropriation and a cause of action for patent infringement was again emphasized by the Supreme Court of Texas in its more recent decision in Luccous v. J. C. Kinley Co. Tex. , 376 S.W.2d 336, 141 U.S.P.Q. 78, 81 (1964). In *Luccous* the court said:

> "In the present case, M. M. Kinley had an *election* as to the means of 'protecting' his invention of the sand-line cutters. First, by the patent laws, Congress gave him an opportunity to secure the material rewards for his invention for a limited time, on condition 'that he make full disclosure for the benefit of the public of the manner of making and using the invention * * *.' See Scott Paper Co. v. Marcalus, 326 U.S. 249, 66 S.Ct. 101, 67 USPQ 193. Second, he could make no public disclosure of his invention and thereby protect his 'trade secret' under the equitable jurisdiction of the state courts. See Becher v. Contoure Laboratories, 279 U.S. 388, 49 S.Ct. 356, 73 L.Ed. 752. Kinley elected to protect his invention by patent. When the patent was granted, the entire patent file and its contents became public property. See Grant v. Raymond, 6 Pet. 218, 8 L.Ed. 376; Sandlin v. Johnson, 8th Cir., 141 F.2d 660, 61 USPQ 71; Callman, The Law of Unfair Competition and Trademarks (2nd Ed.) § 533, Patents. Notwithstanding this choice, plaintiff claims the equitable powers of this court are available to protect his 'trade secret,' a claim that is *totally incompatible* with the election to surrender the protection of secrecy in return for a patent. See Hyde Corporation v. Huffines, supra; Wissman v. Boucher, supra."

The election between protection under the state law of trade secrets and the federal patent laws enforced by the Texas Supreme Court in *Hyde* and *Luccous* is, of course, fundamental to the federal supremacy of the patent laws. See this Court's decisions in Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964), and Compco Corp. v. Day-Brite Lighting, 376 U.S. 234 (1964).

4. To Resolve the Conflict in Principle Between (a) the Decision Below and Similar Decisions Which Have Adopted a "Broad" Construction of the Jurisdictional Statute 28 U.S.C. § 1338(b), and (b) the Decisions of This Court Which Hold That Statutes Conferring Federal Jurisdiction Are to Be Narrowly Construed, Particularly in Respect to Cases Cognizable in the State Courts.

Such decisions of this Court include *Romero* v. *International Terminal Operating Co.*, 358 U.S. 354 (1959); *Skelly Oil Co.* v. *Phillips Petroleum Co.*, 339 U.S. 667 (1950); *Shamrock Oil & Gas Corp.* v. *Sheets*, 313 U.S. 100 (1941); *Gully* v. *First National Bank*, 299 U.S. 109 (1936); and *Healy* v. *Ratta*, 292 U.S. 263 (1934).

In *Romero* this Court said at 379-80:

> "'The considerations of history and policy which investigation has illuminated are powerfully reinforced by the deeply felt and traditional reluctance of this Court to expand the jurisdiction of the federal courts through a broad reading of jurisdictional statutes. . . . Mr. Justice Stone, speaking of the Act of 1875, pointed out that '[t]he policy of the statute calls for its strict construction. . . . Due regard for the rightful independence of state governments, which should actuate federal courts, requires that they scrupulously confine their own jurisdiction to the precise limits which the statute has defined.'" [26]

In footnote 8 of its opinion, the court below cited the June 8, 1964, decision of this Court in *J. I. Case Co.* v. *Borak*, U.S. , 84 S.Ct. 1555, 12 L.Ed. 2d 423, as evidencing

> "... a continuing liberal trend respecting joinder of federal and non-federal claims in a closely related jurisdictional area." [27]

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[26] Quoting from Healy v. Ratta, 292 U.S. 263, 270 (1934).

[27] App. B, *infra* at 26a, n. 8; 334 F. 2d 770, 773, n. 8 (5th Cir. 1964).

This construction of *Case* is, of course, in error and at odds with the repeated pronouncements of this Court that jurisdictional statutes are to be strictly construed.

5. To Resolve the Conflict in Principle Between (a) the Decision Below and Similar Decisions Which, in the Absence of a Clearly Expressed Congressional Intent, Have Construed 28 U.S.C. § 1338(b) to Effect a Substantial Enlargement in the Scope of Pendent Jurisdiction of Unfair Competition Claims Joined with Federal Causes of Action Under the Patent, Trademark and Copyright Laws, and (b) the Mandate of This Court Expressed in Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222 (1957).

Congress expressed in the Reviser's Note its intent to "enact . . . as statutory authority," in Section 1338 (b) "*the rule* under federal decisions" citing *Hurn* v. *Oursler, supra,* and *Musher Foundation* v. *Alba Trading Co.,* 127 F.2d 9 (2d Cir. 1942). "*The rule* under federal decisions" obviously was the rule of *Hurn* and *Armstrong* as uniformly construed prior to the statute by the lower federal courts and as exemplified by *Musher.*[28] There is no expression of any legislative intent to change the pre-existing law. This Court said in *Fourco Glass Co.* v. *Transmirra Products Corp.,* 353 U.S. 222, 227 (1957), that:

> "Statements made by several of the persons having importantly to do with the 1948 revision [of the Judicial Code] are uniformly clear that *no changes* of law or policy are to be presumed from changes of language in the revision unless an intent to make such changes is clearly expressed."

Mr. Justice Goldberg recently repeated the *Fourco* mandate in an in chambers opinion. *United States* v. *FMC Corp.,* 11 L. Ed. 2d 20, 24 (1963).

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[28] See, *supra* at 9.

6. The Resolution by This Court of the Questions Raised in This Petition Is of Particular Importance to the Sound Administration of the Federal Judicial System.

The barest perusal of the cases listed and discussed in Appendix A, *infra,* demonstrates the overwhelming need for the exercise by this Court of its powers of supervision to pronounce an authoritative unifying guide for the sharply divided federal courts.

Far from effecting judicial economies by minimizing "piecemeal" litigation as Congress intended, 28 U.S.C. § 1338(b) improperly but effectively has been used to congest the dockets of the lower federal courts with innumerable unfair competition claims over which federal jurisdiction is, at best, doubtful. Attempted reinforcement, particularly of patent claims, by remotely "related" charges of unfair competition has become routine practice. As a result, patents frequently are not judged on the basis of their individual merit, and the cost of defense against the *combined* patent and unfair competition claims becomes intolerable.

This practice has resulted in a burden on the lower federal courts and a dissipation of judicial resources far greater than any "piecemeal" litigation consequent from the *proper* application of constitutional limitations on federal jurisdiction could possibly occasion.

The importance and nature of the issues presented by this petition far outweigh any objection to its grant on the ground that the decision below is interlocutory. Indeed, jurisdictional issues usually arise at an interlocutory stage, and if they cannot be decided in the absence of a full trial, the statutory objective of effecting judicial economies will be wholly vitiated.

7. The Decision Below Is Erroneous

In the light of the foregoing, the court below should have held that Section 1338(b) merely codified the earlier decision law. The "strict" test is the correct one.

The trade secret claim advanced by respondent is not a part of the patent cause of action and did not arise out of substantially the same facts. Thus, if this Court should hold that 28 U.S.C. § 1338(b) is, as the Reviser's Note states, a codification of the rule of *Hurn* and *Armstrong*, the decision below necessarily must be reversed and respondent's nonfederal second cause of action dismissed.

CONCLUSION

For the reasons stated, this petition should be granted.

Respectfully submitted,

MARCUS B. FINNEGAN
1000 Connecticut Avenue
Washington, D. C. 20036
Attorney for Petitioner

Of Counsel:

WILLIAM W. BECKETT
IRONS, BIRCH, SWINDLER & MCKIE
1000 Connecticut Avenue
Washington, D. C. 20036

MORGAN, FINNEGAN, DURHAM & PINE
80 Pine Street
New York, N. Y. 10005

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APPENDIX A

I

ANALYSIS OF PRINCIPAL CASES CONSTRUING 28 U.S.C. § 1338(b)

After enactment of 28 U.S.C. § 1338(b), the Sixth, Seventh and Eighth Circuits adhered firmly to their pre-codification views of pendent jurisdiction.

A. The Sixth Circuit Decisions

In the Sixth Circuit in *French Renovating Co.* v. *Ray Renovating Co.*, 170 F.2d 945 (6th Cir. 1948)—a decision rendered almost immediately after the passage of 28 U.S.C. § 1338(b)—the court stated at 947:

> "Before the District Court in such a case may accept jurisdiction of such non-federal causes of action, it must appear that both federal and non-federal causes *rest upon substantially identical facts.* Hurn v. Oursler, supra, 289 U.S. at page 246, 53 S.Ct. at pages 589, 590, 77 L.Ed. 1148."

In *Dann* v. *Studebaker-Packard Corp.*, 288 F.2d 201 (6th Cir. 1961) the doctrine of *French Renovating* was reaffirmed as follows at 215:

> ". . . If *'substantially identical facts'* [170 F.2d 947] will support both the local and federal theories of recovery, then *a single cause of action is presented. If, however, additional facts are necessary to support the local law theory,* then separate and distinct causes of actions are joined in the same complaint. Hurn v. Oursler, supra; American Fidelity & Cas. Co. v. Owensboro Milling Co., supra; French Renovating Co. v. Ray Renovating Co., supra."

While *Dann* was not a § 1338(b) case, it necessarily reflects the contemporary attitude of the Sixth Circuit with respect to pendent jurisdiction.[1]

As shown by the cases listed in Section II of this Appendix, *infra* at 13a, the district courts in the Sixth Circuit have consistently followed the "strict" construction of the statute in all those cases in which they have addressed themselves to the jurisdictional issue.

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[1] In Lyon v. Quality Courts United, 249 F.2d 790 (6th Cir. 1957) the Sixth Circuit considered the question of jurisdiction under Section 1338(b) over a claim of unfair competition which involved the *same facts* as a claim for trademark infringement with which it was joined. The situation was thus similar to that which confronted this Court in Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315 (1938).

In *Lyon* the Sixth Circuit stated at 795-6:

> "... The complaint also stated a claim of unfair competition which was closely related to the trade-mark claim, and of which the federal court therefore also had jurisdiction, irrespective of the diverse citizenship of the parties, 28 U.S.C.A. § 1338(b); Iowa Farmers Union v. Farmers' Educational & Coop. Union, 8 Cir., 1957, 247 F.2d 809, 819; Telechron, Inc. v. Parissi, 2 Cir., 1952, 197 F.2d 757, 759-761; Schreyer v. Casco Products Corp., 2 Cir., 1951, 190 F.2d 921, 923-924, certiorari denied, 1952, 342 U.S. 913, 72 S.Ct. 360, 96 L.Ed. 683."

It has been suggested by the Ninth Circuit (see, *infra* at 7a) that in *Lyon* the Sixth Circuit adopted the "broad" view of 28 U.S.C. § 1338(b). This suggestion not only overlooks the circumstance that the facts supporting the federal and nonfederal claims in *Lyon* were identical—it also ignores the fact that the court significantly refrained from reversing its prior decision in *French Renovating*, which was later reaffirmed in principle by *Dann*.

B. The Seventh Circuit Decisions

In the Seventh Circuit, the court in *Strey* v. *Devine's, Inc.*, 217 F.2d 187, 189 (7th Cir. 1954) stated:

> ". . . The principle involved is well stated in Landstrom v. Thorpe, 8 Cir., 189 F.2d 46, 51, 26 A.L.R.2d 1170, certiorari denied 342 U.S. 819, 72 S.Ct. 37, 96 L.Ed. 620: '• • • For such a claim to be "related" to a case arising under the trade-mark law within the meaning of the statute "it must appear that both federal and nonfederal causes (of action) *rest upon substantially identical facts.*" French Renovating Co. v. Ray Renovating Co., 6 Cir., 170 F.2d 945, 947; Hurn v. Oursler, 289 U.S. 238, 248, 53 S.Ct. 586, 77 L.Ed. 1148; Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 325, 59 S.Ct. 191, 83 L.Ed. 195; Kaplan v. Helenhart Novelty Corporation, 2 Cir., 182 F.2d 311 . . . .'"

Strey was followed by the Seventh Circuit in *Powder Power Tool Corp.* v. *Powder Actuated Tool Co.*, 230 F.2d 409 (7th Cir. 1956) and in *City Messenger of Hollywood* v. *City Bonded Messenger Service*, 254 F.2d 531 (7th Cir. 1958).

District court decisions in the Seventh Circuit, as set forth in Section II, *infra* at 13a-14a, have uniformly adopted the "strict" view.

C. The Eighth Circuit Decisions

The Eighth Circuit expression of the "strict" view of § 1338(b) is set forth in the portion of the decision of that court in *Landstrom* v. *Thorpe*, 189 F.2d 46, 51 (8th Cir. 1951), quoted by the Seventh Circuit in *Strey* v. *Devine's, Inc.*, reproduced above. The authority of *Landstrom* was reaffirmed by the Eighth Circuit in *Fry* v.

Layne-Western Co., 282 F.2d 97 (8th Cir. 1960).[2] In *Fry*, the court said at 99:

> "An action for unfair competition is a common-law cause of action and does not arise under any law of the United States. Under § 1338(b) of 28 U.S.C.A., a claim of unfair competition may be joined with a 'substantial and related claim under the * * * trade-mark laws,' but, to be 'related' to a claim arising under those laws, the unfair competition claim *must rest upon substantially identical facts.* Landstrom v. Thorpe, 8 Cir., 189 F.2d 46, 51, 26 A.L.R.2d 1170, 1177, and cases cited. See, also, Powder Power Tool Corp. v. Powder Actuated Tool Co., Inc., 7 Cir., 230 F.2d 409, 413."

District courts in the Eighth Circuit have paid heed to the pronouncements of the Court of Appeals and applied a "strict" view of the statute, as evidenced by Section II, *infra* at 14a.

In conflict with the Sixth, Seventh, and Eighth Circuits the Second, Fifth, and Ninth Circuits have adopted the "broad" view of pendent jurisdiction under 28 U.S.C. § 1338(b). The limits of such pendent jurisdiction under the "broad" view remain undelineated and appear to vary significantly in these jurisdictions.

D. The Second Circuit Decisions

After passage in 1948 of 28 U.S.C. § 1338(b), the Second Circuit "wrestled long and agonizingly with the jurisdictional relationship problem."[3] For some time that court

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[2] The Eighth Circuit decision in *Iowa Farmers Union* v. *Farmers' Educational and Cooperative Union*, 247 F.2d 809 (8th Cir. 1957), without definition of the scope of § 1338(b), found pendent federal jurisdiction under that statute in a case in which the unfair competition constituted the same acts which gave rise to a claim of infringement of a federally registered trademark.

[3] American Securit Co. v. Shatterproof Glass Corp., 166 F.Supp. 813, 824, n. 5 (D.Del. 1958), *aff'd*, 268 F.2d 769 (3rd Cir. 1959).

adhered to its pre-codification "strict" view of pendent jurisdiction. *Kaplan* v. *Helenhart Novelty Corp.*, 182 F.2d 311 (2d Cir. 1950); *Kleinman* v. *Betty Dain Creations*, 189 F.2d 546 (2d Cir. 1951); and *Algren Watch Findings Co.* v. *Kalinsky*, 197 F.2d 69 (2d Cir. 1952).

During this time period, Judge Clark, who had dissented in *Musher* and other pre-§ 1338(b) decisions of the Second Circuit,[4] continued his campaign for a change in the law by vigorous dissents in those cases construing the statute in which he participated including, particularly, *Kleinman* v. *Betty Dain Creations, supra*

Judge Clark's views ultimately prevailed—the Second Circuit shifted ground to a "broader view" of pendent jurisdiction.

The struggle within the Second Circuit and the ultimate emergence of the "broader view" is summarized by the court in *Maternally Yours* v. *Your Maternity Shop*, 234 F.2d 538 (2d Cir. 1956) as follows at 543:

> "Prior to the enactment of 28 U.S.C. § 1338(b), this Circuit took a *narrow and restrictive view* of the pendent jurisdiction of federal district courts over non-federal claims joined with substantial federal claims. Zalkind v. Scheinman, 2 Cir., 1943, 139 F.2d

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[4] Musher Foundation v. Alba Trading Co., 127 F.2d 9 (2d Cir. 1942); Lewis v. Vendome Bags, 108 F.2d 16 (2d Cir. 1939); Treasure Imports, Inc. v. Henry Amdur & Sons, 127 F.2d 3 (2d Cir. 1942); Zalkind v. Scheinman, 139 F.2d 895 (2d Cir. 1943). Judge Clark's dissents foreshadowed the conflict. Even prior to the statute he contended that the *Hurn* rule should be broadly construed to permit substantial enlargement of pendent jurisdiction over nonfederal claims for unfair competition joined with cases arising under the patent, trademark, and copyright laws. It was Judge Clark's views of *Hurn*, which were ultimately applied by the Second Circuit to the construction of 28 U.S.C. § 1338(b), that spawned the present confusion in the lower federal courts.

895, certiorari denied 322 U.S. 738, 64 S.Ct. 1055, 88 L.Ed. 1572; Treasure Imports v. Henry Amdur & Sons, 2 Cir., 1942, 127 F.2d 3; Musher Foundation v. Alba Trading Co., 2 Cir. 1942, 127 F.2d 9. Virtual identity of proof of the federal and non-federal claim was required. This view persisted even *after* the doctrine of Hurn v. Oursler, 1933, 289 U.S. 238, 53 S.Ct. 586, 77 L.Ed. 1148, was included in the 1948 Judicial Code as 28 U.S.C.A. § 1338(b). See Kleinman v. Betty Dain Creations, 2 Cir., 1951, 189 F.2d 546. However, in Telechron, Inc., v. Parissi, 2 Cir., 1952, 197 F.2d 757, it was stated that Schreyer v. Casco Products Corp., 2 Cir., 1951, 190 F.2d 921, certiorari denied 342 U.S. 913, 72 S.Ct. 360, 96 L.Ed. 683, had overruled the Kleinman case, supra. *Thus we are now committed to a broader view of pendent jurisdiction,* at least in those cases involving a substantial federal question under the patent, copyright or trademark laws within 28 U.S.C.A. § 1338(b)."

In *Nikanov* v. *Simon & Schuster, Inc.,* 246 F.2d 501, 505, n. 2 (2d Cir. 1957) the court said:

"This court has taken an increasingly liberal view of the statute, *but apparently has not explicitly held that it goes beyond Hurn v. Oursler.* Maternally Yours, Inc., v. Your Maternity Shop, 2 Cir., 1956, 234 F.2d 538, 543-544. *Perhaps that is what was implicitly announced,* however, in Telechron, Inc., v. Parissi, 2 Cir., 1952, 197 F.2d 757, 759-761 and Schreyer v. Casco Products Corp., 2 Cir., 1951, 190 F.2d 921, 923-924, certiorari denied 1952, 342 U.S. 913, 72 S.Ct. 360, 96 L.Ed. 683. For a discussion of this aspect of the present case, including possible *Constitutional overtones,* see Note, 70 Harv. L. Rev. 1469 (1957)."

The concern of the court over the constitutional consequences of its decision is reflected by the assertion that

it had "not explicitly held" that its "liberal view of the statute . . . goes beyond *Hurn* v. *Oursler.*" Any realistic evaluation of the fact situations involved in the Second Circuit decisions applying the "liberal view" dispels any doubt that the court has gone far beyond *Hurn.*

District courts in the Second Circuit which have adopted a view of the statute, either explicitly or by implication, have unanimously followed the "broad" view, at least since its formal adoption by the Court of Appeals in *Maternally Yours.* See Section II, *infra* at 14a-15a.

E. The Ninth Circuit Decisions

The Ninth Circuit in *Pursche* v. *Atlas Scraper and Engineering Co.,* 300 F.2d 467, 483-4 (9th Cir. 1961), recognized that:

> "There is some *conflict* among the circuits over the construction of the phrase, 'related claim' appearing in this statute; some require that 'both the federal and non-federal causes rest on substantially identical facts,' (Powder Power Tool Corp. v. Power Actuated Tool Co., 230 F.2d 409, 413 (7th Cir. 1956); Landstrom v. Thorpe, 189 F.2d 46 at 51 (8th Cir. 1951)) while others are satisfied if there exists a 'considerable overlap in their factual basis' and if a substantial amount of the evidence of one claim be relevant to the other. Maternally Yours v. Your Maternity Shop, 234 F.2d 538 at 544 (2d Cir. 1956); Lyon v. Quality Courts United, 249 F.2d 790 at 795 (6th Cir. 1957) . . . .
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> * * * * * * * * * *
>
> "We conclude that the more liberal construction of this statute exemplified by the Maternally Yours and Lyon decisions better serves to attain the legislative purpose than the more restrictive construction reflected in Landstrom v. Thorpe, supra . . . ."[5]

[5] As indicated, *supra* at 2a, n. 1, the *Pursche* citation of *Lyon* as indicating acceptance by the Sixth Circuit of the "liberal construction" of 28 U.S.C. § 1338(b) is in error.

The same "broad view" of the statute was applied by the Ninth Circuit in *Engelhard Industries, Inc.* v. *Research Instrumental Corp.*, 324 F.2d 347 (9th Cir. 1963).

Still later in *Wham-O-Mfg. Co.* v. *Paradise Mfg. Co.*, 327 F.2d 748, 752, n. 5 (9th Cir. 1964), the Ninth Circuit in construing 28 U.S.C. § 1338(b) stated:

> " . . . The term 'related' refers to probative facts; it means that *part of the proof* in support of one claim be *common* to the other."

In *Ramirez & Feraud Chili Co.* v. *Las Palmas Food Co.*, 146 F.Supp. 594 (S.D.Cal. 1956), which the Ninth Circuit affirmed *per curiam*, 245 F.2d 874 (9th Cir. 1957), the District Court stated at 603:

> "The pendent-jurisdiction statute, 28 U.S.C. § 1338 (b), necessarily presupposes a claim of unfair competition arising otherwise than 'under the copyright, patent or trade-mark laws' since, unless so interpreted, § 1338(b) would confer no jurisdiction additional to that already conferred by § 1338(a) and so would be mere surplusage.
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> • • • • • • • • • •
>
> "Pendent jurisdiction under § 1338(b) is properly invoked therefore *whenever necessary to sustain federal jurisdiction* of a cause of action for unfair competition arising under state law . . . ."

Additional Court of Appeals cases and district court cases in the Ninth Circuit that have taken a stand on the jurisdictional issue are set forth in Sections IIA and IIB, *infra* at 14a, and at 15a-16a. The great majority of such cases, and all recent ones, have adopted the "broad" view. Those Ninth Circuit cases that have neither explicitly nor implicitly adopted either view are set forth in Section IIC, *infra* at 19a.

F. The Decision Below in the Fifth Circuit

The decision below cast the lot of the Fifth Circuit with those courts that have adopted the "broad" view of pendent federal jurisdiction under 28 U.S.C. § 1338(b). See this petition, *supra* at 12.

It is significant to note that its adoption of the "broad" view of pendent jurisdiction under the statute was a prerequisite to the court's assertion that:

> "At this stage of the case it cannot be said as a matter of law that the claim for patent infringement and that for unfair competition are not related."[6]

Had the court adopted the "strict" view of jurisdiction under 28 U.S.C. § 1338(b), reversal of the District Court and dismissal of respondent's "second cause of action" for misappropriation of alleged trade secrets *after* issuance of the patents in suit necessarily would have followed.

G. The Equivocal Position of the Third Circuit

Initially the Third Circuit followed the "strict" view of pendent jurisdiction under 28 U.S.C. § 1338(b) in *Hook* v. *Hook & Ackerman, Inc.*, 233 F.2d 180 (3d Cir. 1956).

The more recent expression of the Third Circuit in *O'Brien* v. *Westinghouse Electric Corp.*, 293 F.2d 1 (3d Cir. 1961) leaves the position of that court perhaps unclear. In *O'Brien* the court quoted at length from the Second Circuit opinion in *Maternally Yours, Inc.* v. *Your Maternity Shop*, 234 F.2d 538 (2d Cir. 1956).[7] It also cited other Second Circuit decisions supporting the "broad" view including, *Schreyer* v. *Casco Products Corp.*, 190 F.2d 921 (2d Cir. 1951); *Telechron, Inc.* v. *Parissi*, 197

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[6] App. B, *infra* at 27a; 334 F. 2d 770, 773 (5th Cir. 1964).

[7] 293 F.2d 1, 12-13, n. 16.

F.2d 757 (2d Cir. 1952); and Judge Clark's dissent in *Kleinman* v. *Betty Dain Creations,* 189 F.2d 546, 549 (2d Cir. 1951).

[illegible] asserted, however, that:

> "A related claim as used in the statute refers to one which may be proved by substantially the same facts. . . . Virtual identity of proof of the federal and non-federal claims is not required."[8]

The Third Circuit's position was not clarified by *Taussig* v. *Wellington Fund, Inc.,* 313 F.2d 472 (3d Cir. 1963), where it said at 475:

> ". . . [T]his case does not involve the often vexatious question whether the factual basis for federal statutory relief is substantially different from the factual basis of the asserted common-law right or, as the issue is often stated, whether the suit presents a single cause of action. Here, it is clear that essentially the same facts are relevant whatever the liability-creating law may be."

Later district court opinions in the Third Circuit cite *O'Brien* but follow the "strict" view. See *Peterson System, Inc.* v. *Morgan,* 224 F. Supp. 957 (W.D. Pa. 1963); and the later decision in the same case, 228 F. Supp. 744 (W.D. Pa. 1964).

The most recent expression of the Third Circuit does not dispel the equivocal nature of its earlier rulings. It does, however, appear to lean toward the "strict" view. Specifically, in *Family Circle, Inc.* v. *Family Circle Associates, Inc.,* 332 F.2d 534 (3d Cir. 1964), the court said at 536:

> "This court has jurisdiction under the provisions of 28 U.S.C. 1338(b). This was enacted in order that

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[8] 293 F. 2d 1, 12.

it might avoid piecemeal litigation in the enforcement of common-law and statutory copyright, patent and trademark rights by permitting such enforcement in a single civil action in the district court. This enactment was preceded by the Court's decision in Hurn v. Oursler, 289 U.S. 238, 53 S.Ct. 586, 77 L.Ed. 1148, wherein it was held that a federal district court might accept jurisdiction of a non-federal issue, such as unfair competition, which is related to a substantial federal issue, one arising under the patent or copyright laws of the United States, if it appears that *both the federal and non-federal issues rest on the same facts.*"

H. Summary

As stated in this petition, *supra* at 10, there is thus a fundamental split in the circuits on the proper scope of federal jurisdiction over nonfederal causes of action joined with patent, trademark and copyright cases under 28 U.S.C. § 1338(b). In this division the Sixth, Seventh and Eighth Circuits have followed the intent of Congress as reflected by the Reviser's Note and construed § 1338(b) as a codification of *Hurn* v. *Oursler*,[9] whereas the Second, Ninth, and now the Fifth, Circuits have adopted a liberal and controversial construction of the statute. The position of the Third Circuit is equivocal.

The "controlling question of law as to which there is substantial ground for difference of opinion,"[10] recognized by both courts below, is of significance far beyond the particulars of this case. It has given rise to an extremely widespread conflict in the lower federal courts and generated confusion as to the applicable law. It is an important question of federal law involving the construction of a federal jurisdictional statute which has not been, but should be, decided by this Court.

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[9] 289 U.S. 238 (1933).

[10] Order of District Court, App. B, *infra* at 21a; R. 52.

II

CASES CONSTRUING 28 U.S.C. § 1338(b)

A. Cases Adopting the Strict View of the Statute

Second Circuit

Langwood Products v. De Luxe Game Corp., 9 F.R.D. 418 (E.D. N.Y. 1949).

Kaufman & Ruderman, Inc. v. Cohn & Rosenberger, Inc., 86 F. Supp. 867 (S.D. N.Y.), *aff'd*, 177 F.2d 849 (2d Cir. 1949).

Kaplan v. Helenhart Novelty Corp., 182 F.2d 311 (2d Cir. 1950).

Steinhardt Novelty Co. v. Arkay Infants Wear, 10 F.R.D. 321 (E.D. N.Y. 1950).

Rockwell Mfg. Co. v. Evans Enterprises, 95 F. Supp. 431 (W.D. N.Y. 1950).

Cutting Room Appliances Corp. v. Empire Cutting Machine Co., 186 F.2d 997 (2d Cir. 1951).

Paramount Industries v. Solar Products Corp., 186 F.2d 999 (2d Cir. 1951).

Kleinman v. Betty Dain Creations, 189 F.2d 546 (2d Cir. 1951).

Caldwell-Clements, Inc. v. McGraw-Hill Publishing Co., 12 F.R.D. 403 (S.D. N.Y. 1952).

Algren Watch Findings Co. v. Kalinsky, 197 F.2d 69 (2d Cir. 1952).

Third Circuit

Darsyn Laboratories v. Lenox Laboratories, 120 F. Supp. 42 (D. N.J. 1954), *aff'd*, 217 F.2d 648 (3d Cir. 1954).

Hook v. Hook & Ackerman, Inc., 213 F.2d 122 (3d Cir. 1954).

L'Aiglon Apparel v. Lana Lobell, Inc., 214 F.2d 649 (3d Cir. 1954).

Hook v. Hook & Ackerman, Inc., 233 F.2d 180 (3d Cir. 1956).

U. S. Chemical Corp. v. Plastic Glass Corp., 142 F. Supp. 840 (D. N.J. 1956), *aff'd*, 243 F.2d 892 (3d Cir. 1957).

American Securit Co. v. Shatterproof Glass Corp., 166 F. Supp. 813 (D. Del. 1958), *aff'd,* 268 F.2d 769 (3d Cir. 1959).

Rohm & Haas Co. v. Chemical Insecticide Corp., 171 F. Supp. 426 (D. Del. 1959).

Old Charter Distillery Co. v. Continental Distilling Corp., 174 F. Supp. 312 (D. Del. 1959).

Taussig v. Wellington Fund, Inc., 187 F. Supp. 179 (D. Del. 1960), *aff'd,* 313 F.2d 472 (3d Cir. 1963).

A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc., 198 F. Supp. 822 (D. Del. 1961).

Irvin v. Daniels Company Contractors, Inc., 199 F. Supp. 766 (W.D. Pa. 1961).

Peterson System, Inc. v. Morgan, 224 F. Supp. 957 (W.D. Pa. 1963).

Peterson System, Inc. v. Morgan, 228 F. Supp. 744 (W.D. Pa. 1964).

Sixth Circuit

Allen v. Barr, 93 F. Supp. 589 (E.D. Mich. 1950), *aff'd,* 196 F.2d 159 (6th Cir. 1952).

Huston v. Buckeye Bait Corp., 145 F. Supp. 600 (S.D. Ohio 1955), *aff'd,* 237 F.2d 920 (6th Cir. 1956).

Lyon v. Quality Courts United, 249 F.2d 790 (6th Cir. 1957).

Preformed Line Products Co. v. Fanner Mfg. Co., 225 F. Supp. 762 (N.D. Ohio 1960), *aff'd,* 328 F.2d 265 (6th Cir. 1964).

Tigrett Industries, Inc. v. Top Value Enterprises, Inc., 217 F. Supp. 313 (W.D. Tenn. 1963).

Seventh Circuit

Block v. Plaut, 87 F. Supp. 49 (N.D. Ill. 1949).

Hopkins v. Waco Products, 107 F. Supp. 885 (N.D. Ill. 1952), *aff'd,* 205 F.2d 221 (7th Cir. 1953).

Strey v. Devine's, Inc., 217 F.2d 187 (7th Cir. 1954).

Enger-Kress Co. v. Amity Leather Products Co., 18 F.R.D. 347 (E.D. Wis. 1955) (Statute not specifically cited but strict view adopted).

Powder Power Tool Corp. v. Powder Actuated Tool Co., 230 F.2d 409 (7th Cir. 1956).

City Messenger of Hollywood v. City Bonded Messenger Service, 254 F.2d 531 (7th Cir. 1958).

Lyon v. General Motors Corp., 200 F. Supp. 89 (N.D. Ill. 1961).

Eighth Circuit

Landstrom v. Thorpe, 189 F.2d 46 (8th Cir. 1951).

Frazier Tandem Systems, Inc. v. Hutchens & Son Metal Products, Inc., 110 F.Supp. 260 (S.D. Mo. 1953).

Time, Inc. v. Life Television Corp., 123 F. Supp. 470 (D. Minn. 1954).

Iowa Farmers Union v. Farmers' Educational & Cooperative Union, 247 F.2d 809 (8th Cir. 1957).

Fry v. Layne-Western Co., 282 F.2d 97 (8th Cir. 1960).

Coca-Cola Co. v. Foods, Inc., 220 F. Supp. 101 (D. S.D. 1963).

Ninth Circuit

Silvers v. Russell, 113 F. Supp. 119 (S.D. Cal. 1953).

Falcon Products v. Hollow Rod Sales & Service Co., 135 F. Supp. 91 (S.D. Cal. 1955).

Bar's Leaks Western v. Pollock, 148 F. Supp. 710 (N.D. Cal. 1957).

B. Cases Adopting the Broad View of the Statute

Second Circuit

Schreyer v. Casco Products Corp., 190 F.2d 921 (2d Cir. 1951).

Telechron, Inc. v. Parissi, 197 F.2d 757 (2d. Cir. 1952).

Bucky v. Sebo, 208 F.2d 304 (2d Cir. 1953).

Maternally Yours v. Your Maternity Shop, 234 F.2d 538 (2d Cir. 1956).

Bullock v. Sears Roebuck & Co., 239 F.2d 170 (2d Cir. 1956).

American Visuals Corp. v. Holland, 239 F.2d 740 (2d Cir. 1956).

Nikanov v. Simon & Schuster, Inc., 246 F.2d 501 (2d Cir. 1957).

Bradford Novelty Co. v. Manheim, 156 F. Supp. 489 (S.D. N.Y. 1957).

Scarves By Vera, Inc. v. United Merchants, 173 F. Supp. 625 (S.D. N.Y. 1959).

Barton Candy Corp. v. Tell Chocolate Novelties Corp., 178 F. Supp. 577 (E.D. N.Y. 1959).

Chester Barrie, Ltd. v. The Chester Laurie, Ltd., 189 F. Supp. 98 (1960) (Statute construed by implication).

Travel Magazine, Inc. v. Travel Digest, Inc., 191 F. Supp. 830 (S.D. N.Y. 1961).

Telephonics Corp. v. Lindley & Co., 192 F. Supp. 407 (E.D. N.Y. 1961), *aff'd*, 291 F.2d 445 (2d Cir. 1961).

Wagner v. World Wide Automobiles Corp., 201 F. Supp. 22 (W.D. N.Y. 1961).

Proxite Products, Inc. v. Bonnie Brite Products Corp., 206 F. Supp. 511 (S.D. N.Y. 1962).

Hazel Bishop, Inc. v. Perfemme, Inc., 314 F.2d 399 (2d Cir. 1963).

Platt & Munk Co. v. Republic Graphics, Inc., 315 F.2d 847 (2d Cir. 1963).

Ideal Toy Corp. v. Adanta Novelties Corp., 223 F. Supp. 866 (S.D. N.Y. 1963).

Fifth Circuit

River Brand Rice Mills v. General Foods Corp., 334 F.2d 770 (5th Cir. 1964).

Ninth Circuit

Stauffer v. Exley, 184 F.2d 962 (9th Cir. 1950).

Time, Inc. v. T.I.M.E., Inc., 123 F. Supp. 446 (S.D. Cal. 1954).

Panaview Door and Window Co. v. Van Ness, 135 F. Supp. 253 (S.D. Cal. 1955).

Ramirez & Feraud Chili Co. v. Las Palmas Food Co., 146 F. Supp. 594 (S.D. Cal. 1956), *aff'd*, 245 F.2d 874 (9th Cir. 1957).

Rohr Aircraft Corp. v. Rubber Teck, Inc., 266 F.2d 613 (9th Cir. 1959).

Stiegele v. Bentley & Schibelle Trading Co., 214 F. Supp. 564 (D. Ariz. 1960).

Van Brode Milling Co. v. Cox Air Gauge Systems, Inc., 279 F. 2d 313 (9th Cir. 1960).

Doran v. Sunset House Distributing Corp., 197 F. Supp. 940 (S.D. Cal. 1961), *aff'd*, 304 F.2d 251 (9th Cir. 1962).

Pursche v. Atlas Scraper and Engineering Co., 300 F.2d 467 (9th Cir. 1961).

Caddy-Imler Creations, Inc. v. Caddy, 299 F.2d 79 (9th Cir. 1962).

Bliss v. Gotham Industries, Inc., 316 F. 2d 848 (9th Cir. 1963).

Engelhard Industries, Inc. v. Research Instrumental Corp., 324 F.2d 347 (9th Cir. 1963).

Neal v. Thomas Organ Co., 325 F.2d 978 (9th Cir. 1963).

Wham-O-Mfg. Co. v. Paradise Mfg. Co., 327 F.2d 748 (9th Cir. 1964).

C. Cases Involving the Statute Without Unequivocally Adopting Either the Strict or the Broad View

There are a great many cases falling into this category. The following are representative:

First Circuit

Judson Dunaway Corp. v. Hygienic Products Co., 178 F.2d 461 (1st Cir. 1949).

Esso Standard Oil Co. v. Standard Oil Co. of New England, 170 F. Supp. 71 (D. N.H. 1958).

Progressive Engineering, Inc. v. Machine Craft, Inc., 169 F. Supp. 291 (D. Mass.), *modified on other grounds*, 273 F.2d 593 (1st Cir. 1959).

General Radio Co. v. Superior Electric Co., 293 F.2d 949 (1st Cir. 1961).

Tiffany & Co. v. Boston Club, Inc., 231 F. Supp. 836 (D. Mass. 1964).

Second Circuit

Mandee Fabrics v. Slifka, 97 F. Supp. 187 (S.D. N.Y. 1951).

American Automobile Ass'n v. Spiegel, 205 F.2d 771 (2d Cir. 1953).

Remington Research, Inc. v. Modern Aids, Inc., 170 F. Supp. 7 (S.D. N.Y. 1959).

Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc., 176 F. Supp. 429 (S.D. N.Y. 1959), *rev'd on other grounds*, 281 F.2d 755 (2d Cir. 1960).

Nissen Trampoline Co. v. International Tram-Po-Line Mfrs., 190 F. Supp. 238 (E.D. N.Y. 1960).

Blisscraft of Hollywood v. United Plastics Co., 294 F.2d 694 (2d Cir. 1961).

Atlantic Monthly Co. v. Frederick Ungar Publishing Co., 197 F. Supp. 524 (S.D. N.Y. 1961).

Zandelin v. Maxwell Bentley Mfg. Co., 197 F. Supp. 608 (S.D. N.Y. 1961).

Hygienic Specialties Co. v. H. G. Salzman, Inc., 302 F.2d 614 (2d Cir. 1962).

Dan Kasoff, Inc. v. Gresco Jewelry Co., 204 F. Supp. 694 (S.D. N.Y. 1962), *aff'd*, 308 F.2d 806 (2d Cir. 1962).

Cresci v. Music Publishers Holding Corp., 210 F. Supp. 253 (S.D. N.Y. 1962).

General Controls Co. v. Hi-G, Inc., 212 F. Supp. 152 (D. Conn. 1962).

Jean Patou, Inc. v. Jacqueline Cochran, Inc., 312 F.2d 125 (2d Cir. 1963).

Zippo Mfg. Co. v. Rogers Imports, Inc., 216 F. Supp. 670 (S.D. N.Y. 1963).

Third Circuit

Uniflow Mfg. Co. v. Irac Corp., 185 F.2d 677 (3d Cir. 1950).

Quality Courts United v. Quality Courts, 140 F. Supp. 341 (M.D. Pa. 1956).

Parkway Baking Co. v. Freihofer Baking Co., 255 F.2d 641 (3d Cir. 1958).

O'Brien v. Westinghouse Electric Corp., 293 F.2d 1 (3d Cir. 1961).

Saylor v. Fayette R. Plumb, Inc., 30 F.R.D. 176 (E.D. Pa. 1962).

Surgical Supply Service, Inc. v. Adler, 206 F. Supp. 564 (E.D. Pa. 1962), *rev'd on other grounds,* 321 F.2d 536 (3d Cir. 1963).

Taussig v. Wellington Fund, Inc., 313 F.2d 472 (3d Cir. 1963) (Statute not specifically cited but clearly involved).

Family Circle, Inc. v. Family Circle Associates, Inc., 332 F.2d 534 (3d Cir. 1964).

Fourth Circuit

Carter Products v. Colgate-Palmolive Co., 130 F. Supp. 557 (D. Md. 1955), *aff'd,* 230 F.2d 855 (4th Cir. 1956).

Time, Inc. v. Motor Publications, 131 F. Supp. 846 (D. Md. 1955), *modified on other grounds,* 227 F.2d 954 (4th Cir. 1955).

Stiffel Co. v. Sears, Roebuck & Co., 162 F. Supp. 637 (M.D. N.C. 1958).

Fifth Circuit

Pure Foods, Inc. v. Minute Maid Corp., 214 F.2d 792 (5th Cir. 1954).

J. R. Clark Co. v. Murry Metal Products Co., 114 F. Supp. 224 (S.D. Tex. 1953), *modified on other grounds,* 219 F.2d 313 (5th Cir. 1955).

Faciane v. Starner, 230 F.2d 732 (5th Cir. 1956).

Royal Lace Paper Works v. Pest-Guard Products, 240 F.2d 814 (5th Cir. 1957).

Peterson Bros., Inc. v. Murphy, 205 F. Supp. 432 (S.D. Fla. 1961).

Great Lakes Carbon Corp. v. Continental Oil Co., 219 F. Supp. 468 (W.D. La. 1963).

Sixth Circuit

Cornick v. Stry-Lenkoff Co., 134 F. Supp. 126 (W.D. Ky. 1955).

John P. Dant Distillery Co. v. Schenley Distillers, Inc., 189 F. Supp. 821 (W.D. Ky. 1960), *aff'd*, 297 F.2d 935 (6th Cir. 1962).

Hollister, Inc. v. Tran-Sel, Inc., 223 F. Supp. 141 (E.D. Tenn. 1963).

Gilreath v. Beach, 228 F. Supp. 359 (S.D. Ohio 1964).

Seventh Circuit

Polaroid Corp. v. Polaraid, Inc., 206 F. Supp. 290 (N.D. Ill. 1962), *rev'd on other grounds*, 319 F.2d 830 (7th Cir. 1963).

Ninth Circuit

Pagliero v. Wallace China Co., 198 F.2d 339 (9th Cir. 1952).

Ross-Whitney Corp. v. Smith Kline & French Laboratories, 207 F.2d 190 (9th Cir. 1953).

Columbia Pictures Corp. v. National Broadcasting Co., 137 F. Supp. 348 (S.D. Cal. 1955).

Oriental Foods, Inc. v. Chun King Sales, Inc., 244 F.2d 909 (9th Cir. 1957).

Everlube Corp. of America v. Electrofilm, Inc., 154 F. Supp. 788 (S.D. Cal. 1957), *aff'd*, 265 F.2d 495 (9th Cir. 1959).

Harms, Inc. v. Tops Music Enterprises, 160 F. Supp. 77 (S.D. Cal. 1958).

Kemart Corp. v. Printing Arts Research Lab., Inc., 269 F.2d 375 (9th Cir. 1959).

S. C. Johnson & Son, Inc. v. Drop Dead Co., 201 F. Supp. 442 (S.D. Cal. 1961).

Paul Sachs Originals Co. v. Sachs, 217 F. Supp. 407 (S.D. Cal. 1963), *aff'd*, 325 F.2d 212 (9th Cir. 1963).

DuBarry of Hollywood, Inc. v. Richard Hudnut, 323 F.2d 986 (9th Cir. 1963).

Sunbeam Lighting Co. v. Pacific Associated Lighting, Inc., 328 F.2d 300 (9th Cir. 1964).

APPENDIX B

ORAL OPINION
OF THE
UNITED STATES DISTRICT COURT
FOR THE
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

Civil Action No. 14,623

GENERAL FOODS CORPORATION, *Plaintiff*,

v.

RIVER BRAND RICE MILLS, INC., *Defendant*.

Proceedings

September 27, 1963

The Court:

"Civil Action 14,623, will Counsel come forward, please.

"We had a hearing on the motions pending in this case yesterday, and I will announce my rulings at this time from the bench in open Court.

* * * * * * * * * * *

"The defendant's motion to dismiss the second cause of action which alleges unfair competition and unjust enrichment as pleaded in Paragraphs 12 through 17, inclusive of plaintiff's amended complaint, such motion to dismiss will be denied. It is the opinion of the Court that the meaning of Section 1338B permits the joinder of such a case with a patent suit if such claim is substantial and related. From the allegations of the complaint it appears to be both substantial and related, so the defendant's motion will be denied."

ORDER

OF THE

UNITED STATES DISTRICT COURT

FOR THE

SOUTHERN DISTRICT OF TEXAS

Filed Sept. 27, 1963

(Title Omitted)

On September 26, 1963, came on to be heard defendant's Motion to Dismiss Plaintiff's Second Cause of Action for Unfair Competition; and

It appearing to the Court, after duly considering the motion, the defendant's memoranda in support thereof, plaintiff's memoranda in opposition thereto, and the oral arguments by counsel for the parties that defendant's Motion to Dismiss should be denied;

Therefore, it is Ordered that defendants Motion to Dismiss be, and hereby is, in all respects Denied; and

It further appears to the Court and the Court is of the opinion that this Order involves a controlling question of law as to which there is substantial ground for difference of opinion and that an immediate appeal from this Order may materially advance the ultimate termination of this litigation; accordingly, the Court incorporates this statement in its Order to enable defendant to apply to the United States Court of Appeals for the Fifth Circuit for

leave to appeal from this Order under the provisions of 28 USC, section 1292(b).

Entered this 27th day of September, 1963.

JOE INGRAHAM,
Judge.

Approved as to Form:

JACK W. HAYDEN,
Attorney for Plaintiff.

MARCUS B. FINNEGAN,
Attorney for Defendant.

IN THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 21004

RIVER BRAND RICE MILLS, INC., *Appellant,*

versus

GENERAL FOODS CORPORATION, *Appellee.*

Appeal from the United States District Court for the Southern District of Texas

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(July 10, 1964)

Before RIVES and BROWN, Circuit Judges, and GROOMS, District Judge.

GROOMS, District Judge: This is an interlocutory appeal under 28 U.S.C.A. § 1292(b).

Plaintiff-appellee filed suit against the defendant-appellant for infringement of four patents relating to quick-cooking rice. The complaint was amended by the addition of a "Second Cause of Action", claiming the misappro-

priation of trade secrets through the agency of Lawrence Lynn. Lynn was an employee of appellee and thereafter became an employee of appellant. He was made a defendant by the amendment. The trade secrets are alleged to be unpatented improvements on the process.[1]

Appellant contends that lacking diversity the Court is without jurisdiction of the amended claim in that it is not *related* to but is separate and distinct from the claims asserted in the original complaint and, therefore, falls without Section 1338(b) of 28 U.S.C.A.[2]

Appellee contends that its amended claim falls within Section 1338(b); and that in any event it cannot be said, at this stage, and as a matter of law, that the original and amended claims are not *related* within the purview of Section 1338(b).

The trial court overruled the appellant's motion to dismiss.

The disagreement herein stems from the difference between the parties as to the reach of Section 1338(b), and to what extent, if any, it has liberalized the pendent juris-

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[1] In paragraph 13 of the amended complaint it is averred:

"In the course of development of the aforesaid improved process and of commercial production of the aforesaid improved product, plaintiff also acquired much additional unpatented valuable and proprietary information relating to the production of quick-cooking rice and including manufacturing techniques, manufacturing equipment, quality control procedures, marketing data, product specifications, and other related confidential and proprietary information to which plaintiff is exclusively entitled and which plaintiff has preserved and continues to preserve in confidence."

[2] "The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and *related* claim under the copyright, patent or trademark laws. June 25, 1948, c.646, 62 Stat. 931." (Emphasis supplied)

diction rule spelled out in *Hurn v. Oursler,* 289 U.S. 238, 53 S.Ct. 586, 77 L.Ed. 1148.

In *Hurn* the court said that its rule of pendent jurisdiction did "not go so far as to permit a federal court to assume jurisdiction of a *separate and distinct* non-federal cause of action because it [was] joined in the same complaint with a federal cause of action."

In *Royal Lace Paper Works v. Pest-Guard Products,* 240 F.2d 814, this Court observed that *Hurn* was codified in Section 1338(b). But does Section 1338(b) do more than merely codify *Hurn?*

The answer is not found solely in the definition of the word "related"[3] as employed in Section 1338(b) but in the harmonizing of the legislative objective[3a] of the statute with the rule announced in *Hurn* in a manner that will accord recognition to the objective without contravening the rule. The answer is not an easy one.

The attempt on the one hand to precisely equate the "related" claim of Section 1338(b) with the rule in *Hurn* and on the other hand to read into the former an enlargement of the rule has led to the adoption of what Professor Moore refers to as the narrower and broader views of "re-

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[3] Within the context of Section 240(f) of the Revenue Act of 1926 providing for the consolidation of the accounts of "two or more *related* businesses," the court in *Nowland Realty Co.* v. *Commissioner,* 7 Cir. 47 F. 2d 1018, held that: " 'Related' means 'standing in relation; connected; allied; akin.' "

[3a] See Reviser's Note to the section wherein it is stated:

"Subsection (b) is added and is intended to avoid 'piecemeal' litigation to enforce common-law and statutory copyright, patent, and trade-mark rights by specifically permitting such enforcement in a single civil action in the district court."

lated". Moore [4] makes the following statement as to Section 1338(b).

> "This subsection stems from *Hurn v. Oursler,* is thoroughly consistent with that case, but goes much further than the facts required the Court to go in that case. Under § 1338(b) there is jurisdiction of the claim of unfair competition when the claim under the copyright, patent or federal trade-mark law is substantial and related to the claim of unfair competition. While some courts have insisted that the latter claim of unfair competition involve essentially identical facts, this view is too restricted. It suffices if there is a real factual or legal relation. If this broad and fair construction of the subsection is applied, it will carry out the revisers' intention 'to avoid *piecemeal* litigation'; and federal jurisdiction to this limited extent has been broadened."

The Seventh Circuit holds [5] that for a claim to be "related", "it must appear that both the federal and non-federal causes rest upon substantially identical facts", and to like effect is the Eighth Circuit case of *Fry* v. *Layne-Western Company,* 282 F. 2d 97.

The Third Circuit in *O'Brien* v. *Westinghouse Electric Corporation,* 293 F. 2d 1, 12, stated that a related claim was one "which may be proved by substantially the same facts," but that "virtual identity of proof" was not required.

The Sixth Circuit in *Lyon* v. *Quality Courts United,* 249 F. 2d 790, held that where the claim of unfair competi-

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[4] *Moore's Federal Practice,* (2d Ed.) Volume 1, par. 0.60, pp. 658, 659.

[5] *Powder Power Tool Corp.* v. *Powder Actuated Tool Co.,* 230 F.2d 409, 413.

tion was "closely related", the federal court had jurisdiction.

In *Pursche* v. *Atlas Scraper and Engineering Co.*, 9 Cir. 300 F. 2d 467,[6] 483 and 484, the court noted the conflict among the Circuits and stated that the more liberal construction, to the effect that "if there exists a 'considerable overlap in their factual basis' and if a substantial amount of the evidence of one claim be relevant to the other," better serves to attain the legislative purpose than the more restrictive construction that requires that both causes rest on "substantially identical facts."[7]

Brown & Root, Inc. v. *Gifford-Hill & Company*, 5 Cir. 319 F. 2d 65, did not involve a Section 1338(b) claim. In applying *Hurn* in that case we held that not only would the federal claim be determined "but others arising from essentially the same facts."

The authorities sustaining the more liberal construction in order to facilitate joinder and avoid piecemeal litigation appear to more nearly meet both the objective of the statute and the rule in *Hurn* than do those applying the narrower view of the word "related". The former view does not in our opinion run counter to the rule in *Hurn* and commends itself to us as being the correct view.[8]

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[6] Cert. denied 371 U.S. 911, 83 S. Ct. 251, 9 L. Ed. 2d 170, rehearing denied 371 U.S. 959, 83 S. Ct. 499, 9 L. Ed. 2d 507.

[7] In *Wham-O-Mfg. Co.* v. *Paradise Manufacturing Co.*, 327 F.2d 748 (decided January 31, 1964), the Ninth Circuit stated that: "The term 'related' refers to probative facts; it means that part of the proof in support of one claim be common to the other."

[8] This conclusion is strengthened by the decision of the Supreme Court in *J. I. Case Company* v. *Borak*, 32 U.S.L. Week 4480 (decided June 8, 1964). Although not a case under Section 1338(b), but one involving a state cause of action based upon diversity claiming a breach of director's fiduciary duty to the stockholders of a corporation joined with a federal cause of action under Section 14(a) of the Securities Exchange Act of 1934, the decision evidences a continuing liberal trend respecting joinder of federal and non-federal claims in a closely related jurisdictional area.

Newport Industries v. *Crosby Naval Stores*, 5 Cir. 139 F. 2d 611, did not involve a secret unpatented improvement.

In *Colgate-Palmolive Company* v. *Carter Products*, 4 Cir. 230 F. 2d 855, 863, the court in an opinion by Judge Parker sustained certain findings of the trial court that the defendant had misappropriated the plaintiff's trade secrets. Among the secrets described in the findings was one which the court found "was not disclosed or claimed" in plaintiff's patent.[9] The award of damages for misappropriation as well as for patent infringement was upheld.

At this stage of the case it cannot be said as a matter of law that the claim for patent infringement and that for unfair competition are not related. We do not know and will not anticipate what the evidence will be on the trial or to what extent, if any, it may show that the claims are related, *Duke* v. *Sun Oil Company*, 5 Cir. 320 F. 2d 853, 866; *Gulf Oil Corporation* v. *Wright*, 5 Cir. 236 F. 2d 46, 53, nor do we state that a full-blown trial is necessary for the determination of that issue. *Carss* v. *Outboard Marine Corporation*, 5 Cir. 252 F. 2d 690, 693. Such determination is for the court below.

The trial court did not err in overruling appellant's motion to dismiss, and its action is

AFFIRMED.

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[9] See *Schreyer* v. *Casco Products Corp.*, 2 Cir. 190 F. 2d 921, where the court sustained a judgment for unfair competition based on the use of confidential information disclosed solely in aid of an abortive attempt to negotiate a license agreement, though the court denied recovery for the alleged patent infringement. See also *O'Brien* v. *Westinghouse Electric Corporation*, *supra*, at 13, where the court said:

> "Aside from the issue of chronological identity it is clear that a claim for unfair competition based on the misappropriation of a novel idea given in confidence is related to a claim for patent infringement under 28 U.S.C.A. § 1338(b)."

UNITED STATES COURT OF APPEALS

FOR THE FIFTH CIRCUIT

October Term, 1963

No. 21004

D. C. Docket No. 14,623

RIVER BRAND RICE MILLS, INC., *Appellant,*

versus

GENERAL FOODS CORPORATION, *Appellee.*

Appeal from the United States District Court for the Southern District of Texas

Before RIVES and BROWN, Circuit Judges, and GROOMS, District Judge.

Judgment

This cause came on to be heard on the transcript of the record from the United States District Court for the Southern District of Texas, and was argued by counsel;

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the judgment of the said District Court in this cause be, and the same is hereby, affirmed;

It is further ordered and adjudged that the appellant, River Brand Rice Mills, Inc., be condemned to pay the costs of this cause in this Court for which execution may be issued out of the said District Court.

July 10, 1964

Issued as Mandate:

FILE COPY

OCT 30

IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 355

[illegible] MILLS, INC., *Petitioner*,

v.

GENERAL FOODS CORPORATION, *Respondent*.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

BRIEF FOR RESPONDENT IN OPPOSITION

RALPH H. HUNT
70 [illegible] N.W.
Washington, D. C. 20[illegible]
Counsel for Respondent

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 555

RIVER BRAND RICE MILLS, INC., *Petitioner,*

v.

GENERAL FOODS CORPORATION, *Respondent.*

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fifth Circuit

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BRIEF FOR RESPONDENT IN OPPOSITION

Respondent respectfully prays that a Writ of Certiorari to review the judgment in the above-entitled action of the United States Court of Appeals for the Fifth Circuit be denied.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 334 F. 2nd 770 and is printed in Appendix B of the Petition at page 22a. The District Court did not hand down an opinion or making findings of fact or conclusions of law, but some of its oral remarks in denying Petitioner's motion to dismiss are printed in Appendix B of the Petition at page 20a, and its Order denying the motion appears at page 21a.

Respondent respectfully calls the attention of the Court to a further oral remark of the District Court (R. 43) which preceded its remarks quoted in the Petition. Recognizing that there was *no evidence* of record, the Court said:

> "I can look at the pleadings and tell what kind of case it is."

JURISDICTION

The judgment of the Court of Appeals was entered on July 10, 1964. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

Respondent is dissatisfied with Petitioner's presentation of questions. Actually the primary question before this Court for review, stated concisely, is—

> Can it be said as a *matter of law,* on motion to dismiss *prior to any evidence,* that Respondent's claim for infringement of patents and its claim for unfair competition arising out of misappropriation of trade secrets (in the nature of unpatented improvements on the patented process) are not "related" within the meaning of 28 U.S.C. 1338b?

At the present interlocutory stage of the case, both the District Court and the Court of Appeals correctly answered this question in the negative; these interlocutory decisions would be brought here for review if the Writ were to be granted.

Petitioner's second question is predicated on its erroneous *assumption* that the subject matter supporting the unfair competition claim and the subject matter supporting the patent infringement claim "are necessarily different". This is a *disputed factual issue.*

Petitioner has phrased its questions much more broadly than warranted by the simple primary issue set forth above, basing them on differences in the expressed views of various lower Courts toward interpretation of 28 U.S.C. 1338(b), and raising issues of constitutionality. But if the Writ were granted, affirmance of the lower Courts on this primary issue would mean that these broader questions *would not be reached* by this Court, and accordingly Respondent submits that they are not sufficient reasons for granting review.

STATEMENT

Respondent agrees with Petitioner's statement of the case, with the following exceptions:

Page 5 of the Statement in the Petition asserts, as if it were established fact, that Respondent's claim for unfair competition is *necessarily* based on different facts from its claim for patent infringement. So Petitioner *contends,* but Respondent *emphatically disagrees.* This dispute of facts between the parties can only be answered by proof. Respondent believes that its proof will show that its former employee, Lawrence

Lynn, misappropriated confidential information that was not publicly disclosed in the patents in suit or otherwise, and that Petitioner's use of such information enabled it to commence manufacture of quick-cooking rice, thereby infringing the patents in suit.

Petitioner's statement does not point out clearly the present interlocutory posture of the case. There has not yet been any opportunity for proof of the allegations of the complaint, but they stand admitted for purposes of Petitioner's motion. Therefore, the motion must be denied unless it can be said that it is impossible for Respondent to prove facts within these allegations that would satisfy the requirements of 28 U.S.C. 1338(b). The Court of Appeals correctly *ruled* (Pet., page 27a) that:

> "At this stage of the case it *cannot be said as a matter of law* that the claim for patent infringement and that for unfair competition are not related. We do not know and *will not anticipate* what the evidence will be on the trial or *to what extent, if any, it may show the claims are related* (authorities). . . . Such determination is *for the court below.*" (Emphasis supplied)

While the District Court did include in its Order, at Petitioner's request (R. 50), a statement that there was a controlling question of law upon which there is a substantial ground for difference of opinion, the Court of Appeals rejected the thought that this question could be decided on interlocutory appeal from the dismissal order. The Court of Appeals recognized that the issue before it involved construction of 28 U.S.C. 1338(b), and discussed (in the abstract) the meaning of the word "related", but wisely elected to

dismiss the interlocutory appeal because the Court did not know and *could not anticipate* the evidence.

Petitioner's analyses of the "broad" and the "narrow" or "strict" views of the Circuits are moot at this point, for the allegations of the amended complaint will support a "related" claim under either a strict or a liberal view of the term. The unfair competition claim for use of Respondent's trade secrets could arise out of substantially the same facts that give rise to the claims for patent infringement.

ARGUMENT

(1) The Supreme Court Deals Only With Concrete and Specific Issues Raised by Actual Cases. The Decisions Below Do Not Raise Any Question of Constitutionality

The concurring decisions below are concisely stated in the above quotation from the opinion of the Court of Appeals. Whatever may be the proper construction of the word "related" in § 1338(b), obviously in the absence of any factual record, the lower Courts could not rule that the claim for unfair competition either was, or was not, related to the claim for patent infringement in the sense in which the term "related" is used in § 1338(b).

The Petition studiously ignores the actual posture of this case at its present stage. In this posture of the case the questions of constitutionality presented in the third Question on page 3 of the Petition, and discussed under Reasons 2 and 3 at pages 14 and 15 respectively, are not in point. The controlling considerations were summarized in the opinion of this Court in *Allen-Bradley Local* v. *Board*, 315 U.S. 740 at p. 746:

> "We deal, however, not with the theoretical disputes but with concrete and specific issues

raised by actual cases. *Associated Press* v. *Labor Board,* 301 U.S. 103, 132; *United States* v. *Appalachian Power Co.,* 311 U.S. 377, 423, and cases cited. 'Constitutional questions are not to be dealt with abstractly.' *Bandini Petroleum Co.* v. *Superior Court,* 284 U.S. 8, 22; *Arizona* v. *California,* 283 U.S. 423, 464. They will not be anticipated but will be dealt with *only* as they are *appropriately raised upon a record* before us. *Tennessee Publishing Co.* v. *American National Bank,* 299 U.S. 18, 22." (Emphasis added)

(2) The Constitutional Questions Raised by Petitioner Need Not be Decided at This Time Because the Present Issue Can be Decided on Other Grounds

While Petitioner questions the constitutionality of joining a non-federal "related" claim for unfair competition with a federal claim for patent infringement, under a broad construction of § 1338(b), it does not challenge the constitutionality of the narrow test for joinder under § 1338(b). Therefore, if the unfair competition claim and the patent infringement claims "so precisely rest upon identical facts" as to "characterize the same group of circumstances" (*Hurn* v. *Oursler,* 289 U.S. 238, 246), no constitutional question is raised either under *Hurn* or under § 1338(b).

Respondent submits that the acts alleged in support of the non-federal claim could also establish the patent infringement claim. Lawrence Lynn is alleged to have been privy to plaintiff's secret information developed in the course of years of pioneering in the field of manufacturing quick-cooking rice. Lynn is also alleged to have divulged such information to Petitioner, and Petitioner is alleged to have used such information in determining its mode of practicing its process of manufacturing quick-cooking rice. This same

process is alleged to infringe Respondent's patents in suit. Thus it is Respondent's position that proof of a single wrong by Petitioner in violation of Respondent's property rights will establish both the patent infringement claim and the unfair competition claim. Obviously, once the narrow test is satisfied, there will be no occasion for this Court to consider the constitutionality of the broad test.

Under such circumstances, Respondent submits that this Court need not and should not consider any constitutional issue, at least not until it has been held that the narrow test for joinder under § 1338(b) does *not* apply. As stated by this Court in *Fowler* v. *Louisville and N. R. Company,* 213 U.S. 175, 193:

> "Where a case in this Court can be decided without reference to questions arising under the Federal Constitution, that course is usually pursued and is not departed from without important reasons."

And as stated by this Court in *Alma Motor Company* v. *Timken Detroit Axle Company,* 329 U.S. 129, 136:

> "This Court has said repeatedly that it ought not pass on the constitutionality of an act of Congress unless such adjudication is unavoidable. This is true even though the question is properly presented by the record. If two questions are raised, one of non-constitutional and the other of constitutional nature, and a decision of the non-constitutional question would make unnecessary a decision of the constitutional question, the former will be decided."

Accordingly, it is unnecessary for the Court, at this interlocutory stage, to reach the constitutional questions raised by Petitioner.

(3) Interlocutory Rulings Such as That in the Present Case Should Not Be Reviewed on Certiorari, in the Absence of Any Clear Cut Issue of Law That Is Fundamental to the Further Conduct of the Case

For many years this Court has consistently followed the guiding principles stated by Mr. Justice Gray in *American Construction Co.* v. *Jacksonville,* 148 U.S. 372, 384:

> "Whether an interlocutory order may be separately reviewed by the appellate court in the progress of the suit, or only after and together with the final decree, is matter of procedure rather than of substantial right; and many orders made in the progress of a suit become quite unimportant by reason of the final result, or of intervening matters. Clearly, therefore, this court should not issue a writ of *certiorari* to review a decree of the Circuit Court of Appeals on appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause."

In *Land* v. *Dollar,* 330 U.S. 731, 734, n.2, the Court found such an exceptional issue. There the question was whether a suit, brought against the head of an important governmental agency, was actually an attempt to sue the U.S. Government itself, and the decision of this jurisdictional question by the District Court had resulted in dismissal of the entire case. This Court reviewed the case and held that *depending on the facts* (not yet in evidence), the case against the agency might or might not be maintainable. The case illustrates the wisdom of the principles stated in *American Construction* v. *Jacksonville,* for in the end this Court found in *Land* that it could not decide the juris-

dictional question because it did not have enough facts, saying at page 739:

> "We intimate no opinion on the merits of controversy. We only hold that the District Court has jurisdiction to determine its jurisdiction by proceeding to a decision on the merits."

Respondent submits that the result of granting the Writ in the present case could only be that reached in *Land* v. *Dollar, a result which the decision of the Court of Appeals has already effected.*

In the absence of knowledge of the facts, any consideration of the case by this Court would necessarily be in the abstract and speculative. Moreover, this Court's opinion as to the meaning of "related" would not be "fundamental to the further conduct of the case" (*U.S.* v. *General Motors,* 323 U.S. 373, 377), because whatever this Court's interpretation of § 1338 (b), the case would go back to the District Court to determine the facts. And whether the case were tried on the basis of a broad interpretation or a narrow interpretation of "related", *the facts to be proved* would be the same and no "extraordinary inconvenience and embarrassment" would result in either case.

(4) The Ruling of the Court of Appeals Does Not Fall in Any of the Several Categories of Alleged Conflict Set Forth in Petitioner's Reasons for Granting the Writ Nos. 1, 3, 4, and 5

The Petition discusses alleged "conflicts" as if the Court of Appeals had decided this case on its merits and as if the Court of Appeals' decision fell into Petitioner's categories of conflict. As Respondent has already pointed out, this is not the fact. The Court of Appeals has decided *only* that the District Court

should *hear the facts* in order to determine the issue of whether Respondent's claims are in fact "related" or not.

This interlocutory ruling does not fall into any of Petitioner's categories.

As to Petitioner's Reason No. 1 (Pet., p. 6), it is true that various Courts of Appeals, in various cases, have used seemingly inconsistent expressions such as "substantially identical" facts, "closely related" facts, "considerable overlap" in factual basis, and the like, but it is premature to speculate at this stage on what the ultimate holding of the Court of Appeals on the merits of this case will be, merely in order to postulate a "conflict" for this Court to resolve. Respondent believes that the principles of *Busby* v. *Electric Utilities Union,* 323 U.S. 72, are controlling in this respect (p. 75):

> "It is not the function of the certificate authorized by 28 U.S.C. § 346 to require this Court to answer questions not shown to be necessary to the decision of the case. A question will not be answered if it is hypothetical, (authorities). . . . or if it is dependent upon other questions which may not appropriately be answered. (authorities) . . . . This Court will not answer a question which will not arise in the pending controversy unless another issue, not yet resolved by the certifying court, is decided in a particular way. (authorities). . . ."

As to Petitioner's Reason No. 3 (Pet., p. 15), of course the Court of Appeals did not "ignore" the *Hurn* case. On the contrary it expressly said that in its opinion, its announced view of § 1338(b) did not run counter to the rule in *Hurn* (Pet., App. p. 26(a)).

It is Petitioner, not the Court of Appeals, that gives "lip service" to the *Hurn* case (cf. Pet., p. 15). The fact is that in *Hurn,* the District Court had refused to admit any evidence as to unfair competition on the ground that it had no jurisdiction, and this Court *reversed.* However, this Court found in the findings of the District Court re copyright infringement a sufficient basis for denial of the claim of unfair competition on its merits; otherwise the reversal on the jurisdictional question would have sent the case back to the District Court for additional proof, as in *Land* v. *Dollar.*

With further regard to Petitioner's Reason No. 4 (Pet., p. 17), Respondent submits again that there is no need for this Court to "deal . . . with theoretical disputes" (*Allen-Bradley Local* v. *Board,* 315 U.S. 740, 746) and that it should not construe § 1338(b) until a "concrete and specific" issue in this regard is raised by an actual case. The only such concrete and specific issue before the Court in this case is whether Respondent is to be given an opportunity to prove its case.

With further regard to Petitioner's Reason No. 5 (Pet., p. 18), the statement quoted by Petitioner from *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222, 227, had to do with "changes of language in the revision." Section 1338(b) is a completely new section, and there is no preceding language with which it can be compared.

(5) Reply to Petitioner's Reason No. 6 for Granting the Writ

At page 19 of the Petition, Petitioner indicates that the cost of defending this case is "intolerable" because it must defend against the *combined* patent and unfair

competition claims. The suggestion appears to be that this Court should come to Petitioner's relief by causing the two claims to be tried separately, one in the Federal Court and the other in the State Court.

Evidently Petitioner would prefer the "piecemeal" litigation that Congress sought to avoid as stated by the Reviser in his Note to § 1338(b), but for obvious reasons it will not decrease Petitioner's "intolerable" burden of defending, or Respondent's burden of prosecuting, if the subject matter alleged in the amended complaint is divided into two cases in different Courts instead of one case in one Court.

The charge that in such cases as this, the Federal Courts do not judge patents "on the basis of their individual merit" is totally unwarranted.

(6) Reply to Petitioner's Reason No. 7 for Granting the Writ

At the end of the Petition (page 20), Petitioner once more *asserts as a fact* its often-repeated *argument* that Respondent's claims for trade secret misappropriation and patent infringement "did not arise out of substantially the same facts".

This assertion is the keystone of Petitioner's whole position. But it is completely *unsubstantiated by the record*, and it is *disputed* by Respondent.

The question of whether the views of the Court of Appeals were correct in favoring a liberal interpretation of § 1338(b) is *not* the question before this Court. The issue to be decided is whether the Court of Appeals was right in deciding that the question of jurisdiction *could not be determined without evidence of the facts.*

Respondent submits this decision was clearly correct.

CONCLUSION

The lower Courts were right in holding Respondent entitled to prove its case, and the Petition should be denied.

Respectfully ubmitted,

RALPH H. HUDSON
700 Tenth St., N.W.
Washington, D. C. 20001
Attorney for Respondent

Of Counsel:

MICHAEL J. QUILLINAN
WALTER D. AMES
GENERAL FOODS CORPORATION
250 North Street
White Plains, N. Y. 10602

JACK W. HAYDEN
HAYDEN & PRAVEL
500 Jefferson Building
Cullen Center Suite 1111
Houston 2, Texas

October 30, 1964

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 555

RIVER BRAND RICE MILLS, INC., *Petitioner*,

v.

GENERAL FOODS CORPORATION, *Respondent*.

REPLY BRIEF FOR PETITIONER

MARCUS B. FINNEGAN
1000 Connecticut Avenue
Washington, D. C. 20036
Attorney for Petitioner

Of Counsel:

WILLIAM W. BECKETT
IRONS, BIRCH, SWINDLER & MCKIE
1000 Connecticut Avenue
Washington, D. C. 20036

MORGAN, FINNEGAN, DURHAM & PINE
80 Pine Street
New York, N. Y. 10005

November 10, 1964

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 555

RIVER BRAND RICE MILLS, INC., *Petitioner*,

v.

GENERAL FOODS CORPORATION, *Respondent*.

REPLY BRIEF FOR PETITIONER

This case meets the prerequisites for review by this Court. Respondent has advanced no valid reason for denial of the petition.

I. THE NON-FINAL CHARACTER OF THE DECISION BELOW SHOULD NOT BAR REVIEW

Respondent relies heavily upon the fact, *peculiar to this case*, that the judgment of the court below is not final. Respondent seeks to induce this Court to ignore the important issues which far transcend the present case—as compellingly demonstrated by the widespread conflict between the circuits.

In these circumstances non-finality is no bar to review. As said by this Court in *American Construction Co.* v. *Jacksonville, Tampa & Key West Railway Co.*, 148 U.S. 372, 385 (1893) cited by respondent (R. Br. 8):

> ". . . But the question at what stage of the proceedings, and under what circumstances, the case should be required, by certiorari or otherwise, to be sent up for review *is left to the discretion of this court, as the exigencies of each case may require.*"[1]

The urgent need for a construction by this Court of the pendent jurisdiction statute, 28 U.S.C. § 1338(b), justifies its exercise of discretion to grant the writ *now*.

A. The Need for Resolution of the Conflict Between the Federal Circuits Transcends Any Non-Finality in This Particular Case

The petition shows that six (6) federal circuits are divided evenly on the construction of the statute. Forty-five (45) cases construe it "strictly" (Pet. 12a). Thirty-two (32) cases construe it "broadly" (Pet. 16a). Seldom has a conflict between the circuits been so widespread.

Unless resolved by this Court, the conflict is certain to become even wider. An interpretation of 28 U.S.C. § 1338(b) must be faced in essentially all non-diversity cases joining nonfederal unfair competition claims with federal patent, trademark, or copyright claims.

Respondent attempts to minimize the conflict by characterizing the various decisions as merely using "seemingly inconsistent expressions" (R. Br. 10). The

[1] Unless otherwise indicated all emphasis in this brief is supplied.

fact is that the "expressions" employed in the decisions of the Second, Fifth, and Ninth Circuits on the one hand, and the Sixth, Seventh, and Eighth Circuits on the other, are clearly inconsistent. And more important, these "expressions" manifest fundamentally divergent attitudes toward the construction of the statute. As a practical result these conflicting attitudes produce opposite conclusions in particular cases. The requirement for "substantially the same facts"[2] and "a single cause of action"[3] *in a "strict" context* will defeat jurisdiction in many instances where "part of the proof in support of one claim" would be found "common to the other"[4] *in a "liberal" context.*

Respondent's self-serving attempt to minimize the conflict is less persuasive than the clear recognition of the fact of conflict by the court below. That court identified "the narrower and broader views of 'related' " by reference to specific conflicting cases (Pet. 24a-26a). It noted the reference in *Pursche* v. *Atlas Scraper and Engineering Co.*, 300 F.2d 467, 483 (9th Cir. 1961) to "the conflict among the circuits" (Pet. 26a). The fact that it aligned itself with the "broader view" is inescapable. It said:

> "The authorities sustaining the *more liberal* construction in order to facilitate joinder and avoid piecemeal litigation appear to more nearly meet both the objective of the statute and the rule

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[2] Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 325 (1938).

[3] Hurn v. Oursler, 289 U.S. 238, 246 (1933).

[4] Decision below, Pet. 26a, n. 7; Wham-O-Mfg. Co. v. Paradise Mfg. Co., 327 F. 2d 748, 752, n. 5 (9th Cir. 1964).

in *Hurn* than do those applying the *narrower view* of the word 'related'. The former view does not in our opinion run counter to the rule in *Hurn* and commends itself to us as being the correct view.[8]

"[8]. This *conclusion* is strengthened . . . ." (Pet. 26a)

That the court below was correct in recognizing the reality of the conflict is clear from the barest perusal of the decisions listed and analyzed in Appendix A of the petition (Pet. 1a-19a).

In *Forsyth* v. *Hammond*, 166 U.S. 506 (1897) this Court thoroughly discussed the question of the propriety of review by certiorari of a non-final decision on an issue as to which inferior courts are in conflict. This Court at 511, 515, expressed the governing principles as follows:

"The first proposition of counsel for plaintiff is that the writ of certiorari was prematurely issued, and that this court could not *at that time* rightfully take jurisdiction of the case because there had been *no final decree*. . . .

* * * * * *

"Among the considerations thus suggested are those which indicate why in this case the court properly exercised its power and issued the writ of certiorari. There was a *conflict* between the decision of the circuit court of appeals for the seventh circuit and the supreme court of the state of Indiana. . . . All the unfortunate possibilities of conflict and collision which might arise from these adverse decisions were suggested when this application for certiorari was made, and, although *no final decree had been entered*, it seemed to us a duty to bring the case and the question here for examination *at the earliest possible moment*."

Other cases emphasizing the propriety of review of non-final decisions because of conflict between the circuits include *United States* v. *General Motors Corp.*, 323 U.S. 373 (1945) and *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403 (1916).

A recent precedent of particular significance is *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957), where this Court granted certiorari to review a statutory venue question that had been decided differently by several courts of appeal. In *Fourco* the issue was raised by the *non-final* decision of a court of appeals holding venue proper and remanding the case for trial.

The importance of the jurisdictional issue involved here and the widespread scope of the conflict between the circuits abundantly justify review by this Court "at the earliest possible moment" in furtherance of the policy expressed in *Forsyth*.

B. The Jurisdictional Issues Presented Are Fundamental to the Further Conduct of the Case

In *Larson* v. *Domestic and Foreign Commerce Corp.*, 337 U.S. 682, 685, n. 3 (1949), this Court stated:

> "The judgment of the Court of Appeals was not a final one, but we considered it appropriate for review here since, in our view, the *jurisdictional issue* was '*fundamental to the further conduct* of the case'."

Cases in accord include *United States* v. *General Motors Corp.*, 323 U.S. 373 (1945) and *Land* v. *Dollar*, 330 U.S. 731, 734 (1947).

Respondent attempts to show that the questions presented by the petition are not fundamental to the fur-

ther conduct of the case. In this attempt respondent paints a false "posture of the case" (R. Br. 5) and ignores the real issue. The fact is that both lower courts have made definite findings presenting specific and concrete issues clearly fundamental to further conduct of this case.[5]

Question 1 of the petition involves pure statutory construction. It seeks the meaning of the term "related" in the statute. It is the fundamental question as to which the circuits are in conflict. It *must* be decided *before* Question 2—whether the federal and non-federal claims in this case are "related" *within that meaning*—can be considered.[6]

The District Court decided both questions *on the pleadings.*[7] The Court of Appeals unequivocally adopted the *"broad"* answer to Question 1.[8] Thus, in the absence of reversal by this Court, the "broad" meaning of "related" is the *law of the case* and will govern all future proceedings.

The Court of Appeals found no error in and affirmed the District Court's conclusion on Question 2 that the claims *as pleaded* are ~~not~~ "related" under the "broad"

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[5] The decisions cited by respondent refusing to consider abstract or theoretical issues are inapposite. Respondent has confused non-finality with the absence of a case or controversy.

[6] Respondent's rephrased "question" (R. Br. 2) places the cart before the horse. It ignores the *primary* question of the meaning of the statute which must be decided before respondent's "question" can be reached.

[7] "From the allegations of the complaint it appears to be both substantial and related, so the defendant's motion will be denied." Decision of District Court, Pet. 20a (R. 50).

[8] See quote from Court of Appeals decision, pages 3-4, *supra.*

meaning of that term. There will be no further consideration of Question 2 by the District Court *on the pleadings.*

The Appellate Court, of course, left room for reconsideration of Question 2 if facts at variance with the pleadings should develop as the suit proceeds.[9] It did not hold, as respondent contends, that more facts are necessary to decide whether the two claims are related *on the pleadings.* It did not "dismiss the interlocutory appeal" (R. Br. 5). It *affirmed* the District Court's decision.

A crucial fact, ignored by respondent, is that the District Court, in any further consideration of Question 2, is *bound* by the Court of Appeals decision that the *"broad"* view of "related" is "the *correct* view" (Pet. 26a).

Particularly untenable is respondent's argument that resolution by the lower court of the "disputed factual issue" of whether the two claims are related *under the strict test* should precede consideration by this Court of the meaning of "related" (R. Br. 5). In the present posture of the case the fact question of whether the two claims are related *under the "strict" view* will *never be reached.* Indeed, if the petition is denied and trial on the merits ensues, a further petition would be subject to the same challenge presently advanced by respondent insofar as the final disposition of the jurisdictional issue is concerned.

Petitioner believes, however, that the "disputed factual issue" of whether the two claims in the case are related under the *"strict"* test can be resolved by

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[9] It is axiomatic that a finding on a jurisdictional issue is always open to reconsideration, even after judgment.

this Court *on the pleadings at this time.* Remand will not be necessary. Clearly, trade secrets which exist *after* issuance of a patent must be *different* from the subject matter of the patent.[10] Claims for misappropriation of the secrets and infringement of the patents *cannot* be "different epithets to characterize the same group of circumstances".[11] They *cannot* be based upon "substantially the same facts".[12] They would *not* arise out of the same cause of action.

Even if this Court upon reversal of the Court of Appeals' "broad" test should decide to remand the case for a decision *under the strict test,* as to whether the two claims are related, the granting of the writ at this stage will have served a useful purpose. The trial court would then make its decision *under the proper test.* And even more important, the *conflict* among the circuits *will have been settled.*

Significantly, in *Newport Industries* v. *Crosby Naval Stores,* 139 F.2d 611, 613 (5th Cir. 1944), which was decided under the strict test of *Hurn* before the statute, the Appellate Court below said:

> "... Jurisdiction is attempted to be sustained as of a claim *arising under the patent laws;* but the ground for this [trade secret] relief is a common

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[10] Respondent argues that it was necessary for petitioner to steal its trade secrets to learn how to practice the patented process (R. Br. 4). If that is true, the patents in suit are invalid for failure to "contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains . . . to make and use the same, and [to] set forth the best mode contemplated by the inventor of carrying out his invention." 35 U.S.C. § 112.

[11] Hurn v. Oursler, 289 U.S. 238, 246 (1933).

[12] Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 325 (1938).

> law right. A trade secret, as we have pointed out above, cannot possibly be patented. This claim is a separate one, just as a suit for appropriation of literary property is separate from a suit under the copyright laws. Hurn v. Oursler . . . ."

Any determination by the District Court *under the strict test* would be *controlled* by *Newport.*

II. THE CONSTITUTIONAL QUESTIONS PRESENTED BY QUESTION 3 OF THE PETITION ARE APPROPRIATE FOR REVIEW AT THIS TIME

As respondent acknowledges (R. Br. 6), petitioner is *not* asking this Court to declare 28 U.S.C. § 1338(b) unconstitutional.[13] Petitioner *does contend* that the Constitution requires the "strict" interpretation of the term "related" as used in that statute. There is no reason for this Court to defer consideration of this issue. There is every reason why it should consider it "at the earliest possible moment."[14]

III. THE DECISION BELOW IS IN CONFLICT WITH HURN V. OURSLER

Petitioner reiterates that the court below merely rendered lip service to the decision of this Court in *Hurn* v. *Oursler,* 289 U.S. 238 (1933), then proceeded to violate its basic mandate. The court's conclusion that "the [more liberal] view does not in our opinion run counter to the rule in *Hurn*" (Pet. 26a) cannot be squared with the actual holding in *Hurn.*

The strictness of the *Hurn* test is demonstrated by respondent's brief. Respondent emphasizes the fact

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[13] The cases cited by respondent are thus inapposite. They hold that this Court should not pass on the constitutionality of an Act of Congress unless unavoidable.

[14] Forsyth v. Hammond, 166 U.S. 506, 515 (1897).

that this Court in *Hurn* was able to decide the unfair competition claim *on its merits* despite the fact that the District Court had taken evidence *only* with respect to the federal copyright infringement claim. It was because the unfair competition and copyright infringement claims in *Hurn* "so precisely [rested] upon identical facts" as to "characterize the same group of circumstances"[15] that the Court was able to make that determination. If the District Court *in this case* hears evidence *only* on the patent infringement claim, the merits of the trade secret claim could not possibly be adjudicated on that evidence alone. As a matter of law, on the pleadings of this case, the *Hurn* test of substantial identity can *not* be met.[16]

Respondent also ignores the fact that a second unfair competition claim in *Hurn* was dismissed by this Court *on the pleadings* for lack of pendent jurisdiction. This Court had no difficulty in disposing of that claim for lack of jurisdiction *without remanding* it to the lower court for a determination on additional facts.[17]

IV. RESPONDENT'S REMAINING CONTENTIONS ARE UNTENABLE

At page 18 of the petition reference is made to the decision of this Court in *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957) that the

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[15] Hurn v. Oursler, 289 U.S. 238, 246 (1933).

[16] Respondent argues that proof limited to the nonfederal claim in this case would also establish the patent infringement claim (R. Br. 6). First, that is not true. Second, it is immaterial. The test is whether proof limited to the *federal* claim would also establish the nonfederal claim. The single cause of action specified in *Hurn* is circumscribed by the *federal* cause of action.

[17] See discussion on the similar lack of need for remand in this case at pages 7-8, *supra*.

1948 revision of 28 U.S.C. should be construed to preserve rather than change preexisting law "unless an intent to make such changes is clearly expressed".[18]

Respondent's attempt to distinguish *Fourco* must fail. In that case this Court was concerned with Sections 1391(c) and 1400(b) of 28 U.S. Code. Section 1391(c) is "a completely new section, and there is no preceding language with which it can be compared." (R. Br. 11).

Respondent also distorts petitioner's reference to the growing tendency for plaintiffs to attempt to bolster weak patent infringement claims with spurious charges of unfair competition. Too frequently the patent owner is unwilling to let the patent stand on its own footing and seeks to confuse the patent issue and increase the burden of defense. In most instances where the spurious unfair competition claim is dismissed by the federal court on jurisdictional grounds, it would never be presented in a state court.

V. CONCLUSION

This Court's historic prerequisites for the exercise of its certiorari jurisdiction were well summarized by the late Chief Justice Vinson, who stated:

> ". . . The function of the Supreme Court is, therefore, to resolve conflicts of opinion on federal questions that have arisen among lower courts, to pass upon questions of wide import under the Constitution, laws, and treaties of the United States, and to exercise supervisory power over the lower federal courts. . . .
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[18] Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222, 227 (1957).

> "Lawyers might be well-advised, in preparing petitions for certiorari to spend a little less time discussing the merits of their cases and a little more time demonstrating why it is important that the court should hear them. . . . What the court is interested in is the actual, practical effect of the disputed decision—its consequences for other litigants and in other situations. A petition for certiorari should explain why it is vital that the question involved be decided finally by the Supreme Court. If it only succeeds in demonstrating that the decision below may be erroneous, it has not fulfilled its purpose."[19]

The petition and this reply brief demonstrate that this case meets these requirements. The petition should be granted.

Respectfully submitted,

MARCUS B. FINNEGAN
1000 Connecticut Avenue
Washington, D. C. 20036
Attorney for Petitioner

Of Counsel:

WILLIAM W. BECKETT
IRONS, BIRCH, SWINDLER & MCKIE
1000 Connecticut Avenue
Washington, D. C. 20036

MORGAN, FINNEGAN, DURHAM & PINE
80 Pine Street
New York, N. Y. 10005

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[19] Address before American Bar Association, September 7, 1949, reprinted STERN AND GRESSMAN, SUPREME COURT PRACTICE, 120-21, 254 (3d ed. 1962).